TCP Capital Corp.
Form N-2
December 07, 2012

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As filed with the Securities and Exchange Commission on December 7, 2012

Securities Act Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2

ý Registration Statement under the Securities Act of 1933
o Pre-Effective Amendment No.
o Post-Effective Amendment No.
and/or
o Registration Statement Under the Investment Company Act of 1940
o Amendment No.

TCP CAPITAL CORP.

(Exact Name of Registrant as Specified in its Charter)

2951 28th Street, Suite 1000
Santa Monica, California 90405
(Address of Principal Executive Offices)

(310) 566-1094
(Registrant's Telephone Number, Including Area Code)

Howard M. Levkowitz
Tennenbaum Capital Partners, LLC
2951 28th Street, Suite 1000
Santa Monica, California 90405
(Name and Address of Agent for Service)

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Approximate Date of Proposed Public Offering:
As soon as practicable after the effective date of this Registration Statement.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee[(3)]
Common Stock, par value $0.001 per share	N/A	N/A	$69,000,000	$9,412

(1) Includes underwriters' option to purchase additional shares.

(2) Estimated pursuant to Rule 457(o) under the Securities Act of 1933 solely for the purpose of determining the registration fee.

(3) Previously paid. $87,687,500 aggregate principal amount of securities remain registered and unsold pursuant to Registration Statement No. 333-172669 (initially filed by the Registrant on March 8, 2011), which represents a filing fee previously paid by the Registrant of $10,180 for the unsold securities. The $10,180 filing fee previously paid by the Registration for the unsold securities under Registration Statement No. 333-172669 is currently being offset by the $9,412 fees due for this Registration Statement.

Special Value Continuation Partners, LP has also signed the registrant's registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that the registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such dates as the commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject To Completion, Preliminary Prospectus dated December 7, 2012

P R O S P E C TU S

4,000,000 Shares

Common Stock

We, or the "Holding Company," are a holding company with no direct operations of our own, and currently our only business and sole asset is our ownership of all of the limited partner interests in Special Value Continuation Partners, LP, or the "Operating Company." We and the Operating Company are externally managed, closed-end, non-diversified management investment companies that have elected to be treated as business development companies under the Investment Company Act of 1940, or the "1940 Act." Our and the Operating Company's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. Both we and the Operating Company seek to achieve this investment objective primarily through investments in debt securities of middle-market companies. The primary investment focus will be the investment in and origination of leveraged loans to performing middle-market companies.

Tennenbaum Capital Partners, LLC, or "TCP," serves as our and the Operating Company's investment advisor. TCP is a leading investment manager and specialty lender to middle-market companies that had in excess of $4.6 billion of committed capital under management as of September 30, 2012, approximately 12% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of TCP, is the Operating Company's general partner and provides the administrative services necessary for us to operate.

All of the shares of common stock sold in this offering will be sold by us. The net asset value of our common stock on September 30, 2012 (the last date prior to the date of this prospectus on which net asset value was determined) was $14.79 per share. Our common stock is traded on The Nasdaq Global Select Market under the symbol "TCPC." The last reported closing price for our common stock on December 5, 2012 was $15.00 per share. The offering price per share of our common stock less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make this offering.

This prospectus contains important information you should know before investing in our common stock. Please read it carefully before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. A Statement of Additional Information, dated , 2012, containing additional information about the Holding Company and the Operating Company, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. TCP maintains a website at http://www.tennenbaumcapital.com and we make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through this website. You may also obtain a free copy of our annual and quarterly reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page 128 of this prospectus and make stockholder inquiries by contacting us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us at (310) 566-1094. The Securities and Exchange Commission maintains a website at http://www.sec.gov where such information is available without charge upon request. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus.

Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in this offering. Investing in our common stock involves a high degree of risk, including credit risk and the risk of the use of leverage. Before buying any shares of our common stock, you should read the discussion of the material risks of investing in our common stock in "Risks" beginning on page 24 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Sales load (underwriting discount and commissions)	$	$
Proceeds, before expenses, to the Company[(1)]	$	$

(1) We estimate that we will incur expenses of approximately $596,262 ($0.15 per share) in connection with this offering. Such expenses will be borne by us. Stockholders will indirectly bear such expenses, which will reduce the net asset value per share of the shares purchased by investors in this offering. Net proceeds, after expenses and sales load, will be approximately $ ($ per share).

We have granted the underwriters an option to purchase up to 600,000 additional shares of our common stock at the public offering price, less the sales load, within 30 days of the date of this prospectus solely to cover overallotments, if any. If the underwriters exercise this option in full, the total price to the public, sales load and net proceeds will be $, $, and $, respectively. See "Underwriting." The shares will be ready for delivery on or about , 2012.

Joint Book-Running Managers

(underwriters)

The date of this prospectus is , 2012.

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Statistical and market data used in this prospectus has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus, for which the safe harbor provided in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act is not available.

You should rely only on the information contained in this prospectus and the Statement of Additional Information, or SAI, incorporated by reference in its entirety in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front of this prospectus and the information in the SAI is only as of its respective date. Our business, financial condition and prospects may have changed since that date. To the extent required by applicable law, we will update this prospectus and the SAI during the offering period to reflect material changes to the disclosure herein.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. This summary is not complete and may not contain all of the information that you may want to consider before investing in our common stock. You should read the entire prospectus, including "Risks," and the Statement of Additional Information, dated , 2012 (the "SAI").

Throughout this prospectus, unless the context otherwise requires, references to:

"Holding Company" refers to Special Value Continuation Fund, LLC, a Delaware limited liability company, for the periods prior to the consummation of the Conversion described elsewhere in this prospectus and to TCP Capital Corp. for the periods after the consummation of the Conversion;

"Operating Company" refers to Special Value Continuation Partners, LP, a Delaware limited partnership;

"TCP" and "Advisor" refer to Tennenbaum Capital Partners, LLC, a Delaware limited liability company and the investment manager; and

"General Partner" and "Administrator" refer to SVOF/MM, LLC, a Delaware limited liability company, the general partner of the Operating Company and an affiliate of the Advisor and administrator of the Holding Company and the Operating Company.

For simplicity, this prospectus uses the term "Company," "we," "us" and "our" to include the Holding Company and, where appropriate in the context, the Operating Company, on a consolidated basis. For example, (i) although all or substantially all of the net proceeds from this offering will be invested in the Operating Company and all or substantially all of the Holding Company's investments will be made through the Operating Company, this prospectus generally refers to the Holding Company's investments through the Operating Company as investments by the "Company," and (ii) although the Operating Company and not the Holding Company has entered into the Leverage Program (defined below), this prospectus generally refers to the Operating Company's use of the Leverage Program as borrowings by the "Company," in all instances in order to make the operations and investment strategy easier to understand. The Holding Company and the Operating Company have the same investment objective and policies and the assets, liabilities and results of operations of the Holding Company are consolidated with those of the Operating Company as described below under " Operating and Regulatory Tax Structure."

On April 2, 2012, we completed a conversion under which TCP Capital Corp. succeeded to the business of Special Value Continuation Fund, LLC and its consolidated subsidiaries, and the members of Special Value Continuation Fund, LLC became stockholders of TCP Capital Corp. In this prospectus, we refer to such transactions as the "Conversion." Unless otherwise indicated, the disclosure in this prospectus gives effect to the Conversion.

The Company

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. See " Company History and BDC Conversion." We completed our initial public offering on April 10, 2012. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities of middle-market companies, which we typically define as those with enterprise values between $100 million and $1.5 billion. While we intend to primarily focus on privately negotiated investments in debt of middle-market companies, we may make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities benefit from what we

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believe are the competitive advantages of our Advisor, including its diverse in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments.

As described in more detail below under " Company History and BDC Conversion," we have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the Operating Company. We expect that our investment activities will continue to be externally managed by our Advisor, a leading investment manager with in excess of $4.6 billion in committed capital, approximately 12% of which consists of the Holding Company's committed capital under management as of September 30, 2012, and a primary focus on providing financing to middle-market companies. Additionally, the Holding Company expects that it will continue to seek to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code, or the Code.

Investment Portfolio

At September 30, 2012, our existing investment portfolio consisted of debt and equity positions in 46 portfolio companies valued at approximately $490.1 million. Debt positions represented approximately 89% of the total portfolio fair value and had a weighted-average effective yield and yield to maturity of approximately 11.3% and 11.6%, respectively. For purposes of this prospectus, references to "yield to maturity" assume that debt investments in our portfolio as of a certain date are purchased at fair value on that date and held until their respective maturities with no prepayments or losses and are exited at par upon maturity. At September 30, 2012, the weighted-average remaining term of our debt investments was approximately 4.6 years. At September 30, 2012, the average investment size in our existing portfolio by issuer was $10.7 million. Equity positions represented approximately 11% of the total fair value of our investment portfolio. See " Investment Strategy" for more information.

The following charts summarize our portfolio mix by industry and type based on the fair value of our investments as of September 30, 2012.

Investment by Industry

Investment by Asset Type

*

Industries in aggregate less than 2.5% of the portfolio

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Tennenbaum Capital Partners, LLC

Our investment activities are managed by TCP. TCP is a leading investment manager (including specialty lending to middle-market companies). TCP is a Delaware limited liability company and is registered as an investment advisor under the Investment Advisers Act of 1940. As of September 30, 2012, TCP had in excess of $4.6 billion in committed capital under management, approximately 12% of which consists of the Holding Company's committed capital, and a team of approximately 30 investment professionals supported by approximately 45 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, investor relations, and information technology. TCP was founded in 1999 by Michael E. Tennenbaum, Mark K. Holdsworth and Howard M. Levkowitz and its predecessor entity, formed by the same individuals, commenced operations in 1996. The three founders along with David A. Hollander, Michael E. Leitner, Philip M. Tseng and Rajneesh Vig constitute TCP's active partners, or the TCP Partners. The TCP Partners have significant industry experience, including experience investing in middle-market companies. Together, the TCP Partners have invested approximately $10.8 billion in over 200 companies since TCP's inception, through multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities. We refer to the products that employ these strategies within the TCP platform as the Opportunity Funds. We believe the TCP Partners' investment perspectives, complementary skills, and collective investment experience provides TCP with a strategic and competitive advantage in middle-market investing.

As our investment advisor, TCP is responsible for sourcing potential investments, conducting research, analyzing investment opportunities and structuring our investments and monitoring our portfolio companies on an ongoing basis. We believe that TCP has a proven long-term track record of positive performance, notwithstanding some periods during which losses were incurred, of sourcing deals, originating loans and successfully investing in middle-market companies and that the relationships of its investment professionals are integral to TCP's success. TCP's investment professionals have long-term working relationships with key sources of investment opportunities and industry expertise, including investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. Additionally, TCP's structure includes both a board of advisors and a group of Senior Executive Advisors, a team comprised of approximately 20 current and former executives from a variety of industries, which extends the reach of TCP's relationships through a group of seasoned industry leaders and that can enhance our deal sourcing and due diligence activities.

We also benefit from the existing infrastructure and administrative capabilities of an established investment manager. The General Partner, an affiliate of TCP, serves as our Administrator and provides us with office space, equipment and office services. The tasks of our Administrator include overseeing our financial records, preparing reports to our stockholders and reports filed with the SEC and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Since the beginning of 2011, TCP executed in its Opportunity Funds over $590 million in direct origination leveraged loans primarily to middle-market companies, of which over $280 million was for our account. There can be no assurance that similar deal flow or terms will be available in the future for loans in which we may invest.

Investment Strategy

To achieve our investment objectives, we intend to focus on a subset of the broader investment strategies historically pursued by TCP. Our primary investment focus is the ongoing origination of and investments in leveraged loans of performing middle-market companies, building on TCP's established

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track record of origination and participation in the original syndication of approximately $3.9 billion of leveraged loans to 70 companies since 1999, of which we invested over $740 million in 43 companies. For the purposes of this prospectus, the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower.

Our investments generally range from $10 million to $35 million per company, the size of which may grow over time in proportion with our capital base. We expect to generate current returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. We often receive equity interests such as preferred or common stock and warrants or options in connection with our debt investments. From time to time we may also use other investment strategies, which are not our primary focus, to attempt to enhance the overall return of our portfolio. These investment strategies may include, but are not limited to, the purchase of discounted debt, opportunistic investments, and financial instruments to hedge currency or interest rate risk associated with our portfolio.

Our typical investments are in performing middle-market companies. We believe that middle-market companies are generally less able to secure financing than larger companies and thus offer better return opportunities for those able to conduct the necessary diligence to appropriately evaluate these companies. We focus primarily on U.S. companies where we believe our Advisor's perspective, complementary skills and investment experience provides us with a competitive advantage and in industries where our Advisor sees an attractive risk reward profile due to macroeconomic trends and existing TCP industry expertise.

Our Competitive Advantages

We believe that we possess the following competitive advantages over other capital providers to middle-market companies:

Focus on minimizing the risk of loss and achieving attractive risk-adjusted returns. We primarily structure investments to attempt to achieve high cash yields, cash origination fees, conservative leverage, and strong contractual protections that reduce the risk of principal loss. Contractual protections may include default premiums, information rights, board governance rights, and affirmative, negative and financial covenants, such as lien protection and prohibitions against change of control. While we do not expect to undertake a material focus on distressed investments, we believe that TCP's experience in distressed investing from managing other funds helps us negotiate more favorable terms and provides greater opportunity to achieve principal protection. See " Investment Strategy."

Diverse in-house skills and experience of our Advisor. The principals and professionals of TCP have diverse and complementary backgrounds, including prior experience at private investment funds, investment banks, other financial services firms, and managing companies. We believe that the diverse professional experience of TCP's principals and professionals gives us an advantage in sourcing, evaluating, structuring, negotiating, closing, and profitably exiting investments. TCP's advantages include:

Significant investment expertise in over 15 different industry sectors;

Track record of leveraged loan originations or participations in original syndications of approximately $3.9 billion to 70 companies since 1999, of which we invested over $740 million in 43 companies;

Extensive workout and restructuring capabilities honed in multiple in- and out-of-court transactions which allows us to maximize our investment returns and minimize the risk of loss;

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In-house legal expertise with significant experience protecting creditor rights;

Complementary "bottom-up" and "top-down" (macro economic) expertise; and

Expertise in analyzing highly complex companies and investments.

Consistent, proactive and rigorous investment and monitoring processes. We believe that TCP employs a proven investment process that integrates intensive "bottom-up" company-level research and analysis with a proactive "top-down" view of macroeconomic and industry risks and opportunities. The heart of the process is a thorough analysis of the underlying issuer's business, end markets, competitors, suppliers, revenues, costs, financial statements, and the terms of the issuer's existing obligations, including contingent liabilities (if any). TCP's professionals supplement in-house expertise with industry experts, including TCP's Board of Advisors and Senior Executive Advisors, as well as other CEO/CFO-level executives, with direct management experience in the industries under consideration. These company level analyses are undertaken in the context of and supplemented by TCP's views on and understanding of industry trends and broader economic conditions. These views are formulated and refined through TCP's systematic quarterly macroeconomic reviews and quarterly industry reviews, where long-term and immediate macroeconomic trends and their impact on industry risk/reward characteristics are determined. These views flow through to TCP's proactive deployment of research and capital resources in the investment process. Quarterly portfolio reviews and the TCP Portfolio Company Business Conditions Survey also help to inform TCP's macroeconomic and industry views as well as to inform reporting of deal teams' frequent monitoring of portfolio company progress, risk assessment, and refinement of exit plans. The survey is a proprietary survey of all portfolio companies in which TCP has a sizeable influence and includes a standardized set of questions in order to obtain insight into general business activity, pricing power, costs, margins, financing conditions and expansion plans.

Focus on established middle-market companies. We generally invest in companies with established market positions, seasoned management teams, proven and differentiated products and services and strong regional or national operations. We believe that these companies possess better risk-adjusted return profiles than newer companies that are building management or in early stages of building a revenue base. As a specialty middle-market lender, through TCP we have proven experience structuring financing for middle-market companies and meeting their specialized needs. We believe that there are fewer experienced finance companies focused on transactions involving small and middle-market companies than larger companies, allowing us to negotiate favorable investment terms, including higher yields, more significant covenant protection, and greater equity grants than typical of transactions involving larger companies. Additionally, we believe that middle-market companies offer significant risk-adjusted return advantages over larger companies as they are generally less able to secure financing compared to larger companies and, we believe, are more likely as borrowers to be subject to upfront fees, prepayment premiums and higher interest rates.

Debt platform with multiple deal sourcing channels. The employees of TCP have developed extensive networks among investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. These networks are a valuable source of directly originated deals and are further supplemented by the networks and experiences of TCP's Board of Advisors and Senior Executive Advisors. Additionally, TCP's track record as a provider of middle-market financing means that it is often the first or early call on new deal opportunities. Since inception, TCP has originated or participated in the original syndication of approximately $3.9 billion of newly issued loans to 70 companies since 1999, of which we invested over $740 million in 43 companies. TCP has closed transactions with more than 35 different private equity sponsors. TCP is well known as a lender to middle-market companies in a variety of contexts including stressed, distressed, and complex and special situations. TCP's in-depth

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industry knowledge and ability to diligence complex situations thoroughly and in a timely fashion helps to attract deal opportunities from multiple channels.

Attractively priced leverage program. We believe that the Leverage Program (defined below), combined with capital from recent monetizations, provides us with a substantial amount of capital for deployment into new investment opportunities on relatively favorable terms. The Operating Company has an existing $250 million leverage program comprised of: (i) a $116 million senior secured credit facility that matures on July 31, 2014, subject to extension by the lenders at the request of the Operating Company for one 12-month period, which we refer to as the Revolving Facility; and (ii) $134 million in liquidation preference of preferred interests, which mature on July 31, 2016, which we refer to as the Preferred Interests. The Revolving Facility was entered into on July 31, 2006 with certain lenders and in conjunction with entering into such agreement, the Operating Company also issued the Preferred Interests to such lenders on the same date. We refer to the Revolving Facility and the Preferred Interests collectively as the Leverage Program. Advances under the Revolving Facility generally bear interest at LIBOR plus 0.44%, subject to certain limitations. The lenders also own all of the Operating Company's preferred interests, which is an aggregate of 6,700 Preferred Interests, each of which has a liquidation preference of $20,000 per interest, with dividends generally accruing at an annual rate equal to LIBOR plus 0.85%, subject to certain limitations. The weighted-average financing rate on the Leverage Program at September 30, 2012 was 0.96%. As preferred shareholders the lenders have the right under the 1940 Act to elect two directors of the Operating Company.

Market opportunity

We believe that TCP has a consistent, non-cyclical track record of finding profitable opportunities to lend its managed assets to middle-market companies under most market conditions. However, there can be no assurances that TCP will be able to source profitable opportunities of this type for us, and we have a limited record operating as a BDC. We believe that the current environment for direct lending to middle-market companies is especially attractive for several reasons that include:

Reduced lending to middle-market companies by commercial banks. Recent regulatory changes, including the Dodd-Frank Financial Reform Act, or the Dodd-Frank Act, and the introduction of new international capital and liquidity requirements under the Basel III Accords, or Basel III, and the continued ownership of legacy non-performing assets have significantly curtailed banks' lending capacity. In response, we believe that many commercial lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending, managing capital markets transactions and providing other non-credit services to their larger customers. We expect bank lending to middle-market companies to continue to be constrained for several years as Basel III rules phase in and rules and regulations are promulgated and interpreted under the Dodd-Frank Act.

Reduced credit supply to middle-market companies from non-bank lenders. We believe credit to middle-market companies from non-bank lenders will also be constrained as many of those lenders have either gone out of business, exited the market, or are winding down. Numerous hedge funds previously active in leveraged loans disappeared or contracted during the recent financial market crises, while others exited the lending market due to asset-liability mismatches. Other non-bank lenders exited lending due to balance sheet pressures. Furthermore, new collateralized loan obligation, or CLO, formation has been very limited in recent years and existing CLOs' authority to reinvest falls off sharply in coming years. Along with the constraints in bank lending, this situation provides a promising environment in which to originate loans to middle-market companies. We cannot, however, provide any assurance as to the length of time this tight credit supply will persist.

Middle-market companies are increasingly seeking lenders with access to permanent capital for debt and equity capital. We believe that many middle-market companies prefer to borrow from capital providers like us, rather than execute high-yield bond or equity transactions in the public markets that

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may necessitate increased financial and regulatory compliance and reporting obligations. Further, we believe many middle-market companies are inclined to seek capital from a small number of providers with access to permanent capital that can satisfy their specific needs and can serve as value-added, long-term financial partners with an understanding of the companies' growth needs.

Large Amount of Uninvested Private Equity Capital. Private equity firms raised significant amounts of equity commitments over the period 2006 to 2008, far in excess of the amount of equity they invested. According to Pitchbook, from 2006 to May 2012 there was approximately $432 billion of uninvested capital raised by private equity funds from U.S. investors. We believe the large amount of undeployed private equity capital will drive demand for leveraged buyouts over the next several years, which we believe will, in turn, create significant leveraged lending opportunities for us.

Significant Refinancing Requirements. A significant portion of the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008 matures in the 2012 to 2015 time period. Much of this debt will need to be refinanced as it matures. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors should increase lending opportunities for us.

Attractive Pricing and Conservative Deal Structures. We believe that reduced access to, and availability of, debt capital has improved available loan pricing for middle-market lenders. Deals since the recent credit crisis occurred, which began in 2008 and included a period of disruption in the capital markets as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions, have included meaningful upfront fees, prepayment protections and, in some cases, warrants, all of which should enhance profitability to lenders.

Furthermore, since the credit crisis, lenders generally have required lower leverage levels, increased equity contributions and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more readily, creating stronger protections against a subsequent downturn.

Company History and BDC Conversion

History

We were organized on July 17, 2006 and commenced operations on July 31, 2006. We were formed as a limited liability company under the laws of the State of Delaware, converted to a Delaware corporation on April 2, 2012 and elected BDC status on April 2, 2012 as described in more detail under "Conversion" below. On August 1, 2006, the Holding Company registered as a non-diversified closed-end management investment company under the 1940 Act.

The Operating Company was formed as a limited partnership under the laws of the State of Delaware. On July 31, 2006, the Operating Company registered as a non-diversified closed-end management investment company under the 1940 Act. The Operating Company issued common limited partner interests to the Holding Company and also issued preferred limited partner interests to the lenders under the Leverage Program. The Operating Company elected to convert from a closed-end fund to a BDC on April 2, 2012. The Holding Company currently conducts its investment operations through the Operating Company. In this regard, the Holding Company will invest substantially all of the net proceeds from this offering in the common limited partner interests of the Operating Company and the Operating Company, in turn, will invest the proceeds in portfolio companies. See "Use of Proceeds." Following termination of the Revolving Facility, which is scheduled to mature on July 31, 2014, subject to a one-year extension at the request of the Operating Company, it is possible that the Operating Company will elect to terminate its existence, in which case it will redeem any Preferred

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Interests then outstanding and transfer its remaining assets to the Holding Company, and the Holding Company will continue operations as a stand-alone BDC and will make investments directly, rather than through the Operating Company, in accordance with the investment objective and policies described herein.

Prior to the completion of our initial public offering in April 2012, we converted from a Delaware limited liability company to a Delaware corporation and made an election to be treated as a BDC under the 1940 Act.

An organizational structure diagram showing our organizational structure is set forth below:

The Holding Company's management consists of TCP and its board of directors. The Operating Company's management consists of TCP, the General Partner and its board of directors. The board of directors of the Holding Company and the Operating Company are comprised of the same individuals, the majority of whom are independent of TCP and the General Partner. TCP directs and executes the day-to-day operations of the Holding Company, and TCP directs and executes the day-to-day investment operations and the General Partner directs and executes the day-to-day operational activities of the Operating Company, in each case subject to oversight from the respective board of directors, which sets the broad policies of the Holding Company and performs certain functions required by the 1940 Act for the Operating Company. The board of directors of the Operating Company has delegated investment management of the Operating Company's assets to TCP, subject to oversight by the board of directors. The managing member of the General Partner is TCP, which serves as the investment advisor of both the Holding Company and the Operating Company. Substantially all of the equity interests in the General Partner are owned directly or indirectly by TCP, employees of TCP and Babson Capital Management, LLC, or Babson. The Holding Company currently owns all of the common interests in the Operating Company and expects to have the ability to maintain that status. While the Operating Company is permitted to issue securities to persons other than the Holding Company, under the Operating Company's limited partnership agreement, board approval is required to issue equity interests of the Operating Company, and the Holding Company directors also serve as the directors of the Operating Company so as to be able to control any issuances by the Operating Company.

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Operating and Regulatory Tax Structure

The Holding Company elected to be treated for U.S. federal income tax purposes as a RIC under the Code. As a RIC, the Holding Company generally does not have to pay corporate-level federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. The Operating Company is not a RIC nor will it seek RIC status and instead is intended to be treated as a partnership for tax purposes. The Holding Company and the Operating Company have elected to be treated as BDCs under the 1940 Act. As a BDC we are required to invest at least 70% of our total assets primarily in securities of private and certain U.S. public companies (other than certain financial institutions), cash, cash equivalents, U.S. Government securities, and other high-quality debt investments that mature in one year or less and to comply with other regulatory requirements, including limitations on our use of debt. Because the Holding Company and the Operating Company are each BDCs, their assets, liabilities and results of operations will be consolidated for purposes of this 70% requirement.

Conflicts of Interests

TCP and the General Partner currently do, and in the future may, manage funds and accounts other than the Company, which we refer to as the Other Advisor Accounts, with similar investment objectives as the Company. The investment policies, advisor compensation arrangements and other circumstances of the Company may vary from those of Other Advisor Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among the Company and Other Advisor Accounts. Investments that are suitable for the Company may not be suitable for the Other Advisor Accounts and investments that are suitable for the Other Advisor Accounts may not be suitable for the Company. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more Other Advisor Accounts desire to sell it or we may not have additional capital to invest at a time Other Advisor Accounts do. TCP and its affiliates intend to allocate investment opportunities to us and Other Advisor Accounts in a manner that they believe in their judgment and based upon their fiduciary duties to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and the Other Advisor Accounts. To the extent that investment opportunities are suitable for the Company and one or more Other Advisor Accounts, TCP and the General Partner will allocate investment opportunities pro rata among the Company and Other Advisor Accounts based on the amount of funds each then has available for such investment taking into account these factors. Investment opportunities in certain privately placed securities will be subject to allocation pursuant to the terms of a co-investment exemptive order under the 1940 Act applicable to funds and accounts managed by TCP and its affiliates.

There may be situations in which one or more funds or accounts managed by TCP or its affiliates might invest in different securities issued by the same company. It is possible that if the company's financial performance and condition deteriorates such that one or both investments are or could be impaired, TCP might face a conflict of interest given the difference in seniority of the respective investments. In such situations, TCP would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duty to enable it to act fairly to each of its clients in the circumstances. Any steps by TCP will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

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Recent Developments

Significant portfolio events since September 30, 2012 include the following:

From October 1, 2012 through December 4, 2012, we have invested approximately $67.7 million in eight loans and one senior secured note with a weighted average effective yield of approximately 11.1%.

On November 7, 2012, our board of directors declared a fourth quarter cash dividend of $0.35 per share and a special dividend of $0.05 per share payable on December 31, 2012 to stockholders of record as of the close of business on December 17, 2012.

On November 7, 2012, our board of directors voted to add an additional independent director, Peter E. Schwab, to our board of directors effective as of November 7, 2012.

Company Information

Our administrative and executive offices are located at 2951 28th Street, Suite 1000, Santa Monica, CA 90405, and our telephone number is (310) 566-1094. TCP maintains a website at *http://www.tennenbaumcapital.com*. Information contained on this website is not incorporated by reference into this prospectus, and you should not consider information contained on TCP's website to be part of this prospectus.

Risks

Investing in the Company and the shares of common stock offered by this prospectus involves a high degree of risk. These risks, among others, include:

- capital markets currently remain in a period of disruption and instability, which could have a negative impact on our business and operations and the value of our common stock;
- the risk of credit losses on our investments;
- the risk of loss associated with leverage, illiquidity and valuation uncertainties in our investments, lower amounts of income per share while we are investing the proceeds from this offering;
- the possible lack of appropriate investments;
- the risk of an inability to renew, extend or replace the Leverage Program, the lack of experience of our investment advisor in managing a BDC and our dependence on such investment advisor;
- the risky nature of the securities in which we invest;
- our potential lack of control over our portfolio companies and our limited ability to invest in public or foreign companies;
- the potential incentives to our investment advisor to invest more speculatively than it would if it did not have an opportunity to earn incentive compensation;
- our limitations on raising additional capital;

failure to continue to qualify as a BDC or the risk of loss of tax status as a RIC;

the risk of volatility in our stock price; and

the anti-takeover effect of certain provisions in our charter and in the Amended and Restated Limited Partnership Agreement of the Operating Company, or the Amended and Restated Limited Partnership Agreement.

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See "Risks" beginning on page 24 of this prospectus for a more detailed discussion of these and other material risks you should carefully consider before deciding to invest in our common stock.

Presentation of Historical Financial Information

Unless otherwise indicated, historical references contained in this prospectus in "Selected Financial and Other Date," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and "Portfolio Companies" relate to the Holding Company and the Operating Company on a consolidated basis.

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THE OFFERING

The Offering	We are offering 4,000,000 shares of our common stock through a group of underwriters. We have granted to the underwriters an overallotment option to purchase up to 600,000 additional shares of our common stock to cover overallotments, if any.
Common Stock Outstanding After this Offering	25,476,464 shares, excluding shares of common stock issuable pursuant to the overallotment option granted to the underwriters.
The Nasdaq Global Select Market Symbol	"TCPC"
Use of Proceeds	The net proceeds from the sale of shares of our common stock in this offering are estimated to be approximately $ million (approximately $ million if the underwriters exercise their overallotment option to purchase additional shares in full), assuming an offering of 4,000,000 shares of common stock in this offering at the assumed public offering price of $15.00, which was the last reported closing price of our common stock on December 5, 2012, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use approximately $48 million of the net proceeds to reduce our borrowings outstanding under the Revolving Facility and the remainder of the net proceeds to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses. Pending investment, we may invest the remaining net proceeds of this offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period.
Investment Management Arrangements	The Holding Company and the Operating Company have entered into separate but substantially identical investment management agreements with TCP, under which TCP, subject to the overall supervision of our respective boards of directors, will manage the day-to-day operations and provide investment advisory services to the Holding Company and the Operating Company. For providing these services, TCP receives a base management fee calculated at an annual rate of 1.5% of our total assets (excluding cash and cash equivalents) on a consolidated basis, payable quarterly in arrears. For purposes of calculating the base management fee, "total assets" is determined without deduction for any borrowings or liabilities.

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The investment management agreements also provide for performance based returns to TCP or the General Partner (referred to herein as "incentive compensation"). Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation will be incurred until after January 1, 2013.

Beginning January 1, 2013, the incentive compensation will equal the sum of (1) 20% of all ordinary income since that date and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since that date, with each component being subject to a total return limitation of 8% of contributed common equity. The incentive compensation initially will be an equity allocation to the General Partner under the Operating Company's Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reason incentive compensation is not distributed by the Operating Company, it would be paid pursuant to the investment management agreement between the Holding Company and TCP.

The incentive compensation has two components, ordinary income and capital gains. Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if the cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. If such cumulative total return does exceed 8%, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation to the extent such amount would exceed 20% of the cumulative total return of the Company that exceeds a 10% annual return on daily weighted average contributed common equity, plus all of the cumulative total return that exceeds an 8% annual return on daily weighted average contributed common equity but is not more than a 10% annual return on daily weighted average contributed common equity, less cumulative incentive compensation previously paid or distributed (whether on ordinary income or capital gains).

Subject to the above limitation, the ordinary income component of incentive compensation is the amount, if positive, equal to 20% of the cumulative ordinary income before incentive compensation, less cumulative ordinary income incentive compensation previously paid or distributed.

Subject to the above limitation, the capital gains component of the incentive compensation is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative unrealized capital

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	depreciation), less cumulative capital gains incentive compensation previously paid or distributed. For purposes of the foregoing computations and the total return limitation, the relevant terms are defined in detail in the section entitled "Management of the Company Investment Management Agreements." The base management fee is paid by the Operating Company to TCP and the incentive compensation, if any, is distributed by the Operating Company to the General Partner. The Holding Company, therefore, indirectly bears these amounts, which is reflected in our consolidated financial statements. If the Operating Company is terminated or for any other reason incentive compensation is not paid by the Operating Company, such compensation would be paid to TCP directly by the Holding Company pursuant to its investment management agreement with TCP to ensure that the appropriate aggregate amount of incentive compensation is paid. On a consolidated basis, the aggregate compensation is limited to 1.5% of total assets and 20% of the relevant components of income and realized capital gains. See "Management of the Company Investment Management Agreements" for a more detailed description of the investment management arrangements.
Distributions	We intend to make quarterly distributions to our stockholders. The timing and amount of our quarterly distributions, if any, is determined by our board of directors. Any distributions to our stockholders are declared out of assets legally available for distribution. In addition, because we will invest substantially all of our assets in the Operating Company, we are only able to pay distributions on our common stock from distributions received from the Operating Company. The Operating Company intends to make distributions that are sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a RIC under the Code. While it is intended that the distributions made by the Operating Company are sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a RIC, there can be no assurances that the distributions from the Operating Company are sufficient to pay distributions to our stockholders in the future.
Taxation	The Holding Company currently is a RIC for U.S. federal income tax purposes and intends to continue to qualify each year as a RIC. In order to qualify as a RIC, the Holding Company generally must satisfy income, asset diversification and distribution requirements. As long as it so qualifies, the Holding Company will not be subject to U.S. federal income tax to the extent that it distributes its investment company taxable income and net capital gain on a timely basis. The Holding Company will invest substantially all of the net

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	proceeds from this offering in the Operating Company, which is treated as a partnership for U.S. federal income tax purposes. Consequently, any references to, and description of the U.S. federal income tax aspects of, the Holding Company's investment practices and activities, in effect, take into account the investment practices and activities of the Operating Company. See "Distributions" and "Tax Matters."
Custodian	Wells Fargo Bank, National Association, or the Custodian, serves as our custodian. See "Custodian."
Transfer and Dividend Paying Agent	Wells Fargo Bank, National Association, or Wells Fargo, serves as our Transfer and Dividend Paying Agent. See "Transfer Agent."
Borrowings and Preferred Stock	We expect to use leverage, including through the Revolving Facility, to make investments. We are exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested by us and therefore increases the risks associated with investing in shares of our common stock. The Holding Company and the Operating Company will, on a consolidated basis, comply with the asset coverage and other requirements relating to the issuance of senior securities under the 1940 Act. Because the base investment advisory fee we pay our Advisor is calculated by reference to our total assets, our Advisor may have an incentive to increase our leverage in order to increase its fees. See "Risk Factors."
Trading at a Discount	Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. We are not generally able to issue and sell our common stock at a price below our net asset value per share unless we have stockholder approval. The offering price per share of our common stock less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make this offering. The possibility that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. Our net asset value immediately following this offering will reflect reductions resulting from the sales load and the amount of the offering expenses paid by us. This risk may have a greater effect on investors expecting to sell their shares soon after completion of the public offering, and our shares may be more appropriate for long-term investors than for investors with shorter investment horizons. We cannot predict whether our shares will trade above, at or below net asset value. See "Risk Factors."

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Dividend Reinvestment Plan	We have a dividend reinvestment plan for our stockholders. This is an "opt in" dividend reinvestment plan. As a result, if we declare a cash dividend or other distribution payable in cash, each stockholder that has not "opted in" to our dividend reinvestment plan will receive such dividends in cash, rather than having their dividends automatically reinvested in additional shares of our common stock. Stockholders who receive distributions in the form of shares of common stock will be subject to the same U.S. federal, state and local tax consequences as if they received their distributions in cash. See "Dividend Reinvestment Plan."
Anti-Takeover Provisions	Our certificate of incorporation and the Amended and Restated Limited Partnership Agreement as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See "Description of Shares."
Administrator	Under a separate administration agreement, the General Partner serves as our Administrator. As Administrator, the General Partner oversees our financial records, prepares reports to our stockholders and reports filed with the SEC, leases office space to us, provides us with equipment and office services and generally monitors the payment of our expenses and provides or supervises the performance of administrative and professional services used by us. We reimburse the Administrator for its costs in providing these services without paying any separate administration fee, markup or other profit in excess of fully allocated costs. Although there is no predetermined limit on such expenses, reimbursement for any such expenses are subject to the review and approval of our board of directors.
License Agreement	We have entered into a royalty-free license agreement with TCP, pursuant to which TCP has agreed to grant us a non-exclusive license to use the name "TCP."
Available Information	We have filed with the SEC a registration statement on Form N-2 under the Securities Act of 1933, as amended, or the Securities Act, which contains additional information about us and the shares of our common stock being offered by this prospectus. We are obligated to file annual, quarterly and current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room in Washington, D.C. and on the SEC's website at *http://www.sec.gov*. See "Additional Information."

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TCP maintains a website at *http://www.tennenbaumcapital.com* and we make all of our annual, quarterly and current reports, proxy statements and other publicly filed information, including the SAI, which is incorporated by reference in this prospectus, available, free of charge, on or through this website. You may also obtain such information by contacting us at 2951 28th Street, Suite 1000, Santa Monica, CA 90405, or by calling us at (310) 566-1094. Information contained on TCP's website is not incorporated by reference into this prospectus, and you should not consider information contained on TCP's website to be part of this prospectus.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. The expenses shown in the table under "Annual Expenses" (excluding incentive compensation payable under the investment management agreement) are based on amounts assuming an offering size of approximately 4,000,000 shares of our common stock at $15.00 per share, which was the last reported closing price of our common stock on December 5, 2012. If the offering decreases in size, all other things being equal, these expenses would increase as a percentage of net assets attributable to our shares of common stock. **The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown.**

Stockholder Transaction Expenses	
Sales Load (as a percentage of offering price)	%(1)
Offering Expenses (as a percentage of offering price)	%(2)
Dividend Reinvestment Plan Fees	(3)
Total Stockholder Transaction Expenses (as a percentage of offering price)	%
Annual Expenses (as a Percentage of Net Assets Attributable to Common Stock)	
Base Management Fees	2.43%(4)
Incentive Compensation Payable Under the Investment Management Agreement (20% of ordinary income and capital gains)	0%(5)
Interest Payments on Borrowed Funds	0.32%(6)
Preferred Dividends	0.36%(7)
Other Expenses (estimated)	0.58%(8)
Total Annual Expenses	3.69%

(1) The underwriting discount and commission with respect to shares sold in this offering, which are one-time fees to the underwriters in connection with this offering, are the only sales load being paid in connection with this offering.

(2) Amount reflects estimated offering expenses of approximately $0.6 million and an assumed offering size of approximately 4,000,000 shares of our common stock at $15.00 per share, which is the last reported closing price of our stock on December 5, 2012 and which assumes no exercise of the underwriters' over-allotment option.

(3) The expenses of the dividend reinvestment plan are included in "other expenses." See "Dividend Reinvestment Plan."

(4) Base management fees are paid quarterly in arrears. The base management fee of 1.5% is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter. The percentage shown in the table, which assumes all capital and leverage is invested at the maximum level, is calculated by determining the ratio that the aggregate base management fee bears to our net assets attributable to common stock and not total assets. We make this conversion because all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders. If we borrow money or issue preferred stock and invest the proceeds other than in cash and cash equivalents, our base management fees will increase. The base management fee for any partial quarter is appropriately pro rated. See "The Advisor Investment Management Agreements."

(5) Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation will be incurred until after January 1, 2013.

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Upon commencement, the incentive compensation will have two components, ordinary income and capital gains. Each component will be payable quarterly in arrears (or upon termination of TCP as the investment manager or the General Partner as of the termination date) and will be calculated based on the cumulative return for periods beginning January 1, 2013 and ending on the relevant calculation date.

Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, notwithstanding the following provisions, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if our cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. The incentive compensation we would pay is subject to a total return limitation. That is, no incentive compensation is paid if our cumulative annual total return is less than 8% of our average contributed common equity. If our cumulative annual total return is above 8%, the total cumulative incentive compensation we pay is not more than 20% of our cumulative total return, or, if lower, the amount of our cumulative total return that exceeds the 8% annual rate.

Subject to the above limitation, the ordinary income component is the amount, if positive, equal to 20% of the cumulative ordinary income before incentive compensation, less cumulative ordinary income incentive compensation previously paid or distributed.

Subject to the above limitation, the capital gains component is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative net unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed. For assets held on January 1, 2013, capital gain, loss and depreciation will be measured on an asset by asset basis against the value thereof as of December 31, 2012. The capital gains component will be paid or distributed in full prior to payment or distribution of the ordinary income component.

(6)

"Interest Payments on Borrowed Funds" represents dividends, interest and fees estimated to be accrued on the Revolving Facility and amortization of debt issuance costs, and assumes the Revolving Facility is fully drawn (subject to asset coverage limitations under the 1940 Act) and that the interest rate on the debt issued under the Revolving Facility is the rate in effect as of September 30, 2012, which was 0.66%. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

(7)

"Preferred Dividends" represents dividends estimated to be accumulated on the Preferred Interests and assumes that the dividend rate on the Preferred Interests is the rate in effect as of September 30, 2012, which was 1.07%. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

(8)

"Other Expenses" includes our estimated overhead expenses, including expenses of the Advisor reimbursable under the investment management agreements and of the Administrator reimbursable under the administration agreement except for certain administration overhead costs which are not currently contemplated to be charged to us. Such expense estimate, other than the Administrator expenses, is based on actual other expenses for the nine months ended September 30, 2012.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses (including stockholder transaction expenses and annual expenses) that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following

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expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 85	$ 157	$ 231	$ 424

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. There is no incentive compensation either on income or on capital gains under our investment management agreements and the Amended and Restated Limited Partnership Agreement assuming a 5% annual return and therefore it is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive compensation of a material amount, our distributions to our common stockholders and our expenses would likely be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend or distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you," the "Company," the "Holding Company," the "Operating Company" or "us," our common stockholders will indirectly bear such fees or expenses, including through the Company's investment in the Operating Company.

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SELECTED FINANCIAL DATA

The selected consolidated financial and other data below reflects the consolidated historical operations of the Holding Company and the Operating Company. This consolidated financial and other data is the Holding Company's historical financial and other data. The Operating Company will continue to be the Holding Company's sole investment following the completion of this offering.

The selected consolidated financial data below for the years ended December 31, 2011, 2010, 2009, 2008 and 2007 has been derived from the consolidated financial statements that were audited by our independent registered public accounting firm. The selected consolidated financial data at and for the three and nine months ended September 30, 2012 and 2011 have been derived from unaudited financial data, but in the opinion of our management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim periods. Interim results at and for the three and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. This selected financial data should be read in conjunction with our financial statements and related notes thereto, which are incorporated by reference into this prospectus and the SAI, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included elsewhere in this prospectus.

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The historical and future financial information may not be representative of the Company's financial information in future periods.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2012	2011	2012	2011	2011	2010	2009	2008	2007
Performance Data:									
Interest income	$ 11,834,133	$ 10,201,572	$ 32,057,289	$ 31,231,057	$ 42,113,358	$ 32,410,819	$ 26,678,140	$ 34,719,010	$ 73,295,718
Dividend income			1,811,189	12,542,394	10,610,159	13,547,924		2,250,032	14,811,181
Other income	276,840	308,211	1,143,278	1,980,926	2,134,159	1,842,469	417,533	238,994	1,958,382
Total investment income	12,110,973	10,509,783	35,011,756	45,754,377	54,857,676	47,801,212	27,095,673	37,208,036	90,065,281
Interest and credit agreement expenses	206,039	232,550	614,390	721,825	942,288	893,806	949,554	5,314,342	10,070,501
Investment advisory expense	1,737,237	1,696,797	4,986,901	5,090,391	6,787,188	6,787,188	6,787,188	8,287,188	8,287,188
Other expenses	564,044	261,451	1,236,149	629,886	1,520,474	1,213,685	1,426,099	1,086,533	1,934,956
Total expenses	2,507,320	2,190,798	7,248,963	6,442,102	9,249,950	8,894,679	9,162,841	14,688,063	20,292,645
Net investment income	9,603,653	8,318,985	27,259,815	39,312,275	45,607,726	38,906,533	17,932,832	22,519,973	69,772,636
Realized and unrealized gains (losses)	344,397	(20,014,551)	(7,040,664)	(35,898,848)	(38,878,881)	31,621,019	36,142,346	(209,274,336)	(12,036,911)
Dividends to preferred interest holders	(399,121)	(389,747)	(1,211,397)	(1,155,698)	(1,545,555)	(1,519,759)	(1,740,964)	(5,190,988)	(8,217,040)
Minority interest								3,149,915	(10,013,581)
Net increase (decrease) in net assets from operations	$ 9,548,929	$ (12,085,313)	$ 19,007,754	$ 2,257,729	$ 5,183,290	$ 69,007,793	$ 52,334,214	$ (188,795,436)	$ 39,505,104
Per Share Data (at the end of the period):*									
Net increase (decrease) in net assets from operations	$ 0.44	$ (28.85)	N/A	$ 5.39	$ 12.37	$ 164.72	$ 124.92	$ (450.63)	$ 94.29
Distributions declared per share	(0.35)	(19.10)	N/A	(56.10)	(75.19)	(89.99)	(36.28)	(19.10)	(193.47)
Average weighted shares outstanding for the period	21,475,635	418,956	N/A	418,956	418,956	418,956	418,956	418,956	418,956

* Per share amounts prior to the Conversion on April 3, 2012, are calculated based on 418,956 shares outstanding. Per share amounts subsequent to the Conversion are calculated on 21,475,635 shares outstanding.

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2012	2011	2012	2011	2011	2010	2009	2008	2007
Assets and Liabilities Data:									
Investments	490,122,518	393,787,443	490,122,518	393,787,443	378,960,536	453,034,872	343,062,967	348,504,225	638,410,205
Other assets	31,150,235	27,181,788	31,150,235	27,181,788	24,492,967	20,604,286	119,642,507	19,677,567	124,167,393
Total assets	521,272,753	420,969,231	521,272,753	420,969,231	403,453,503	473,639,158	462,705,474	368,181,792	762,577,598
Amount drawn on credit facility	48,000,000	29,000,000	48,000,000	29,000,000	29,000,000	50,000,000	75,000,000	34,000,000	207,000,000
Other liabilities	21,101,742	14,599,650	21,101,742	14,599,650	2,116,211	25,050,178	20,431,955	3,239,231	23,922,294
Total liabilities	69,101,742	43,599,650	69,101,742	43,599,650	31,116,211	75,050,178	95,431,955	37,239,231	230,922,294
Preferred stock						23,527	25,391	23,516	26,173
Preferred limited partner interests	134,535,582	134,424,268	134,535,582	134,424,268	134,466,418	134,377,869	134,368,337	135,173,468	135,938,203
Minority interest									3,149,915
Net assets	$317,635,429	$242,945,313	$317,635,429	$242,945,313	$237,870,874	$264,187,584	$232,879,791	$195,745,577	$392,541,013
Investment Activity Data:									
No. of portfolio companies at period end	46	45	46	45	41	44	40	27	32
Acquisitions	$ 80,043,384	$ 45,169,394	$245,594,683	$150,939,763	$171,842,663	$262,837,727	$144,313,178	$169,262,403	$ 32,268,238
Sales, repayments, and other disposals	$ 43,488,614	$ 68,884,055	$129,105,822	$178,429,393	$216,916,444	$192,419,667	$195,383,341	$257,415,641	$467,261,652
Weighted-Average Yield on debt investments at end of period	11.3%	11.6%	11.3%	11.6%	14.1%	13.1%	12.5%	18.5%	14.6%

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RISKS

Before you invest in our common stock, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our common stock. The risks set out below are not the only risks we face, but they are the principal risks associated with an investment in the Company. Additional risks and uncertainties not currently known to us or that are currently immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Certain risks in the current environment

Capital markets were recently in a period of disruption and instability. These market conditions have materially and adversely affected debt and equity capital markets in the United States and abroad, which could have a negative impact on our business and operations.

We believe that beginning in 2007, and continuing through 2011, the global capital markets experienced a period of disruption as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions. Despite actions of the United States federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. These conditions have ameliorated to some degree in past months but could continue for a prolonged period of time or worsen in the future. While these conditions persist, we and other companies in the financial services sector may be required to, or may choose to, seek access to alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions, as a BDC we are not generally able to issue and sell our common stock at a price below net asset value per share without first obtaining approval for such issuance from our stockholders and independent directors. In addition, the debt capital that will be available, if at all, may be at a higher cost, and on less favorable terms and conditions in the future. In addition, the portfolio companies in which we invest may not be able to service or refinance their debt, which could materially and adversely affect our financial condition as we could experience reduced income or even losses. The inability to raise capital and the risk of portfolio company defaults may have a negative effect on our business, financial condition and results of operations.

Moreover, recent market conditions have made, and may in the future make, it difficult to extend the maturity of or refinance our existing indebtedness and any failure to do so could have a material adverse effect on our business. The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments.

The current financial market situation, as well as various social and political tensions in the United States and around the world, particularly in the Middle East, may continue to contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets, and may cause further economic uncertainties or deterioration in the United States and worldwide. Since 2010, several European Union ("EU") countries, including Greece, Ireland, Italy, Spain, and Portugal, have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. There is continued concern about national-level support for the euro and the accompanying coordination of fiscal and wage policy among European Economic and

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Monetary Union member countries. The recent United States and global economic downturn or a return to the recessionary period in the United States could adversely impact our investments. TCP does not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the United States economy and securities markets or on our investments. TCP monitors developments and seeks to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that it will be successful in doing so; and TCP may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

Capital markets volatility also affects our investment valuations. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can adversely affect our valuations.

Risks related to our business

We may not replicate the Company's historical performance or the historical performance of other entities managed or supported by TCP.

We may not be able to replicate the Company's historical performance or the historical performance of TCP's investments, and our investment returns may be substantially lower than the returns achieved by the Company in the past. We can offer no assurance that TCP will be able to continue to implement our investment objective with the same degree of success as it has had in the past. At September 30, 2012, equity investments represented approximately 11% of the total fair value of our existing investment portfolio. We expect to invest a smaller percentage of our portfolio in equity securities than we have historically, which may affect our ability to replicate past performance.

We may suffer credit losses.

Investment in middle-market companies is highly speculative and involves a high degree of risk of credit loss, and therefore our securities may not be suitable for someone with a low tolerance for risk. These risks are likely to increase during an economic recession, such as the United States and many other economies recently experienced.

Our use of borrowed funds and preferred securities, including under the Leverage Program, to make investments exposes us to risks typically associated with leverage.

The Operating Company borrows money and has the Preferred Interests outstanding through the Leverage Program. As a result:

- our common stock is exposed to incremental risk of loss and a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use leverage;
- adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;
- we, and indirectly our common stockholders, bear the entire cost of issuing and paying interest or dividends on any borrowed funds or preferred securities issued by us or the Operating Company;

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our ability to pay dividends on our common stock will be restricted if our asset coverage ratio is not at least 200% and any amounts used to service indebtedness or preferred stock would not be available for such dividends; and

our ability to amend the Operating Company organizational documents or investment management agreements may be restricted if such amendment could have a material adverse impact on the lenders under our Leverage Program.

The Preferred Interests have similar risks to our common stockholders as borrowings. The Preferred Interests rank "senior" to common stock in our capital structure, resulting in the Preferred Interests having certain separate voting rights, dividend and liquidation rights, and possibly other rights, preferences or privileges more favorable than those granted to holders of our common stock. For example, payment of dividends and repayment of the liquidation preference of the Preferred Interests takes preference over any dividends or other payments to our common stockholders, and preferred holders are not subject to any of our expenses or losses. Furthermore, our Preferred Interests and the issuance of any additional preferred securities could delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in your best interest.

The use of leverage creates increased risk of loss and is considered a speculative investment technique. The use of leverage magnifies the potential gains and losses from an investment and increases the risk of loss of capital. To the extent that income derived by us from investments purchased with borrowed funds or the issuances of preferred stock is greater than the cost of borrowing or issuing and servicing the preferred stock, our net income will be greater than if borrowing had not been used. Conversely, if the income from investments purchased from these sources is not sufficient to cover the cost of the leverage, our net investment income will be less than if leverage had not been used, and the amount available for ultimate distribution to the holders of common stock will be reduced. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed. We may, under some circumstances, be required to dispose of investments under unfavorable market conditions in order to maintain our leverage, thus causing us to recognize a loss that might not otherwise have occurred. In the event of a sale of investments upon default under our borrowing arrangements, secured creditors will be contractually entitled to direct such sales and may be expected to do so in their interest, rather than in the interests of the holders of common stock. Holders of common stock will incur losses if the proceeds from a sale in any of the foregoing circumstances are insufficient, after payment in full of amounts due and payable on leverage, including administrative expenses, to repay such holders investments in our common stock. As a result, you could experience a total loss of your investment. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. The ability to service any debt or the Preferred Interests that we have or may have outstanding depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. There is no limitation on the percentage of portfolio investments that can be pledged to secure borrowings. The amount of leverage that we employ at any particular time will depend on our Advisor's and our board of director's assessments of market and other factors at the time of any proposed borrowing.

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In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment under the Revolving Facility or require redemption of the Preferred Interests, thereby materially and adversely affecting our liquidity, financial condition and results of operations.

Under the Leverage Program, we must comply with certain financial and operational covenants. These covenants include:

- restrictions on the level of indebtedness that we are permitted to incur and the number of Preferred Interests we are permitted to have outstanding in relation to the value of our assets;
- restrictions on our ability to make distributions and other restricted payments under certain circumstances;
- restrictions on extraordinary events, such as mergers, consolidation and sales of assets;
- restrictions on our ability to incur liens and incur indebtedness; and
- maintenance of a minimum level of stockholders' equity.

In addition, by limiting the circumstances in which borrowings may occur under the Revolving Facility, the credit agreement related to the Revolving Facility, or the Credit Agreement, in effect provides for various asset coverage, credit quality and diversification limitations on our investments. Such limitations may cause us to be unable to make or retain certain potentially attractive investments or to be forced to sell investments at an inappropriate time and consequently impair our profitability or increase losses or result in adverse tax consequences. As of December 5, 2012, we were in compliance with these covenants. However our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, there are no assurances that we will continue to comply with the covenants in the Credit Agreement. Failure to comply with these covenants would result in a default under the Credit Agreement which, if we were unable to obtain a waiver from the lenders thereunder, could result in an acceleration of repayments under the Credit Agreement. In addition, a default under the Credit Agreement will, in certain circumstances, require the Preferred Interests to be redeemed. As such, failure to comply with these covenants could have a material adverse impact on our business, financial condition and results of operations.

The Revolving Facility also has certain "key man" provisions. For example, it is an event of default if any of Michael E. Tennenbaum, Howard M. Levkowitz or Mark K. Holdsworth ceases to be actively involved in the management of the Advisor and is not replaced with someone with comparable skills within 180 days. Further, if any two of the individuals cease to be actively involved in management of the Advisor, the administrative agent under the Credit Agreement may veto a proposed replacement for one of such individuals and may veto any of the Operating Company's portfolio transactions that are in excess of 15% of its total assets until a replacement has been appointed to fill one of such positions.

The Revolving Facility matures in July 2014 and the Preferred Interests will be subject to mandatory redemption in July 2016. Any inability to renew, extend or replace the Revolving Facility or replace the Preferred Interests could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.

The Revolving Facility matures July 31, 2014, subject to extension by the lenders at our request for one 12-month period. Advances under the Revolving Facility generally bear interest at LIBOR plus 0.44%, subject to certain limitations. The Preferred Interests will be subject to mandatory redemption on July 31, 2016. We do not currently know whether we will renew, extend or replace the Revolving Facility upon its maturity or replace the Preferred Interests, or if we do either or both, whether we will

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be able to do so on terms that are as favorable as the Revolving Facility or Preferred Interests, respectively.

Upon the termination of the Revolving Facility, there can be no assurance that we will be able to enter into a replacement facility on terms that are as favorable to us, if at all. We expect that any facility we enter into will likely be on terms less favorable than currently contained in the Revolving Facility. Our ability to replace the Revolving Facility may be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to replace the Revolving Facility at the time of its maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

The creditors under the Revolving Facility have a first claim on all of the Company's assets included in the collateral for the Revolving Facility.

Lenders have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred holders. Substantially all of our current assets have been pledged as collateral under the Revolving Facility. If an event of default occurs under the Revolving Facility, the lenders would be permitted to accelerate amounts due under the Revolving Facility and liquidate our assets to pay off amounts owed under the Revolving Facility and limitations would be imposed on us with respect to the purchase or sale of investments. Such limitations may cause us to be unable to make or retain certain potentially attractive investments or to be forced to sell investments at an inappropriate time and consequently impair our profitability or increase our losses or result in adverse tax consequences.

In the event of the dissolution of the Operating Company or otherwise, if the proceeds of the Operating Company's assets (after payment in full of obligations to any such debtors and of any liquidation preference to any holders of preferred stock) are insufficient to repay capital invested in us by the holders of the common stock, no other assets will be available for the payment of any deficiency. None of our board of directors, TCP, the General Partner or any of their respective affiliates, have any liability for the repayment of capital contributions made to the Company by the holders of common stock. Holders of common stock could experience a total loss of their investment in the Company.

Lenders under the Revolving Facility may have a veto power over the Company's investment policies.

If a default has occurred under the Revolving Facility, the lenders under the Revolving Facility may veto changes in investment policies. The Revolving Facility also has certain limitations on unusual types of investments such as commodities, real estate and speculative derivatives, which are not part of the Company's investment strategy or policies in any event.

If we incur additional leverage, it will increase the risk of investing in shares of our common stock.

The Company has indebtedness and the Preferred Interests outstanding pursuant to the Leverage Program and expects, in the future, to borrow additional amounts under the Revolving Facility and may increase the size of the Revolving Facility or enter into other borrowing arrangements.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses and preferred dividends. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation is based on our level of leverage at September 30, 2012, which represented borrowings and preferred stock equal to 34.9% of our total assets. On such date, we also had $521.3 million in total assets; an average cost of funds of 0.96%; $182.0 million aggregate principal amount of debt and liquidation preference of the Preferred Interests outstanding; and $317.6 million of total net assets. In order to compute the "Corresponding Return to Common Stockholders," the

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"Assumed Return on Portfolio (Net of Expenses Other than Interest)" is multiplied by the total value of our investment portfolio at September 30, 2012 to obtain an assumed return to us. From this amount, the interest expense and preferred dividends calculated by multiplying the interest rate and dividends of 0.96% by the $182.0 million debt and preferred stock is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets at September 30, 2012 to determine the "Corresponding Return to Common Stockholders." Actual interest payments and preferred dividends may be different.

Assumed Return on Portfolio (Net of Expenses Other than Interest and Preferred Dividends)	**-10%**	**-5%**	**0%**	**5%**	**10%**
Corresponding Return to Common Stockholders	-16%	-8%	-1%	7%	15%

The assumed portfolio return in the table is based on SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. The table also assumes that we will maintain a constant level of leverage. The amount of leverage that we use will vary from time to time.

The lack of liquidity in substantially all of our investments may adversely affect our business.

Our investments generally are made and will continue to be made in private companies. Substantially all of these securities will be subject to legal and other restrictions on resale or will be otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded our investments. Further, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager has material non-public information regarding such portfolio company.

A substantial portion of our portfolio investments may be recorded at fair value as determined in good faith by or under the direction of our board of directors and, as a result, there may be uncertainty regarding the value of our portfolio investments.

The debt and equity investments that we make for which market quotations are not readily available will be valued at fair value as determined in good faith by or under the direction of our board of directors. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. Our net asset value could be adversely affected if determinations regarding the fair value of these investments were materially higher than the values ultimately realized upon the disposal of such investments.

We are exposed to risks associated with changes in interest rates.

General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net investment income. An increase in interest rates could decrease the value of any investments we hold that earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high-yield bonds, and also could increase our interest expense, thereby decreasing our net income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

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TCP may face conflicts in allocating investment opportunities between us and certain other entities that could adversely impact our investment returns.

TCP and its affiliates, employees and associates currently do and in the future may manage other funds and accounts, including for other accounts in which certain holders of our common stock have investments, which we refer to as Other Advisor Accounts. Other Advisor Accounts invest in assets that are also eligible for purchase by us. Our investment policies, fee arrangements and other circumstances may vary from those of Other Advisor Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and Other Advisor Accounts. In general, TCP and its affiliates will allocate investment opportunities pro rata among us and Other Advisor Accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available. The allocation of certain investment opportunities in private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to us and described below. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more Other Advisor Accounts desire to sell it or we may not have additional capital to invest at a time Other Advisor Accounts do. When our investment allocations are made on a basis other than pro rata our investment performance may be less favorable when compared to the investment performance of Other Advisor Accounts with respect to those investments. TCP and its affiliates intend to allocate investment opportunities to us and Other Advisor Accounts in a manner that they believe in their judgment and based upon their fiduciary duties to be appropriate given the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and the Other Advisor Accounts. See " Risks related to our operations as a BDC While our ability to enter into transactions with our affiliates will be restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, we may face conflict of interests and investments made pursuant to the exemptive order conditions could in certain circumstances affect adversely the price paid or received by the Company or the availability or size of the position purchased or sold by the Company."

There may be situations in which Other Advisor Accounts and the Company might invest in different securities issued by the same portfolio company. It is possible that if the portfolio company's financial performance and condition deteriorates such that one or both investments are or could be impaired, TCP might face a conflict of interest given the difference in seniority of the respective investments. In such situations, TCP would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duty to enable it to act fairly to the Other Advisor Accounts and the Company in the circumstances. Any steps by TCP will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

Moreover, TCP's investment professionals, its Investment Committee (as defined below), its senior management and employees serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business. Accordingly, these individuals may have obligations to investors in those entities or funds, the fulfillment of which might not be in our best interests or the best interests of our stockholders. In addition, certain of the personnel employed by TCP or focused on our business may change in ways that are detrimental to our business.

We have limited operating history as a BDC and, if TCP is unable to manage our investments effectively, we may be unable to achieve our investment objective.

Our ability to achieve our investment objective will depend on our ability to manage our business, which will depend, in turn, on the ability of TCP to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result largely will be a function of TCP's investment

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process. Although TCP manages closed-end funds with similar restrictions, the 1940 Act imposes numerous constraints on the operations of BDCs. TCP's limited experience in operating under these constraints may hinder TCP's ability to help us take advantage of attractive investment opportunities and to achieve our investment objectives. For example, BDCs are prohibited from making any nonqualifying investment unless at least 70% of their total assets are primarily in qualifying investments, which are primarily securities of private or thinly-traded U.S. companies (excluding certain financial companies), cash, cash equivalents, U.S. Government securities and other high quality debt investments that mature in one year or less. TCP has limited experience investing under these constraints. In addition, the General Partner has limited experience administering a BDC.

Our Advisor and its partners, officers, directors, stockholders, members, managers, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, us.

TCP and its affiliates may spend substantial time on other business activities, including investment management and advisory activities for entities with the same or overlapping investment objectives, investing for their own account, financial advisory services (including services for entities in which we invest), and acting as directors, officers, creditor committee members or in similar capacities. Subject to the requirements of the 1940 Act and other applicable laws, TCP and its affiliates and associates intend to engage in such activities and may receive compensation from third parties for their services. Subject to the same requirements, such compensation may be payable by entities in which we invest in connection with actual or contemplated investments, and TCP may receive fees and other compensation in connection with structuring investments which they will share.

TCP's management fee is based on a percentage of our total assets (other than cash or cash equivalents) and TCP may have conflicts of interest in connection with decisions that could affect our total assets, such as decisions as to whether to incur additional debt to increase management fees paid and to recoup TCP's payment of half of the sales load in connection with this offering.

Our incentive compensation may induce our Advisor to make certain investments, including speculative investments.

The incentive compensation payable by us to TCP and the General Partner may create an incentive for TCP to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive compensation payable to TCP is determined may encourage TCP to increase the use of leverage or take additional risk to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock, including investors in this offering, or of securities convertible into our common stock or warrants representing rights to purchase our common stock or securities convertible into our common stock. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to certain of our debt investments and may accordingly result in a substantial increase in the amount of incentive compensation payable to the Advisor with respect to our cumulative investment income. Although the incentive compensation payable to the General Partner or TCP is subject to a total return limitation, TCP may have some ability to accelerate the realization of gains to obtain incentive compensation earlier than it otherwise would when it may be in our best interests to not yet realize gains. Our directors monitor our use of leverage and TCP's management of our investment program in the best interests of our common stockholders.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, we will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive compensation to TCP with respect to the

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assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our common stockholders will bear his or her share of our management and incentive compensation as well as indirectly bear the management and performance fees and other expenses of any investment companies in which we invest.

We may be obligated to pay our investment advisor incentive compensation payments in excess of the amounts we would have paid if such compensation was subject to clawback arrangements.

TCP or the General Partner will be entitled to incentive compensation for each fiscal quarter after January 1, 2013 in an amount equal to a percentage of our ordinary income (before deducting incentive compensation) since that date and, separately, a percentage of our realized capital gains (net of realized capital losses and unrealized depreciation) since that date, in each case subject to a cumulative total return requirement. If we pay incentive compensation and thereafter experience additional realized capital losses or unrealized capital depreciation such that we would no longer have been required to provide incentive compensation, we will not be able to recover any portion of the incentive compensation previously paid or distributed because our incentive compensation arrangements do not contain any clawback provisions. As a result, the incentive compensation could exceed 20% of our cumulative total return, depending on the timing of unrealized appreciation, net unrealized depreciation and net realized capital losses. For example, part of the incentive compensation payable or distributable by us that relates to our ordinary income is computed on income that may include interest that has been accrued but not yet received in cash. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive compensation will become uncollectible. Similarly, the income component is measured against a total return limitation that includes unrealized gains. Such gains may not be realized or may be realized at a lower amount. Consequently, we may have paid incentive compensation on income in circumstances where we otherwise would not have done so and with respect to which we do not have a clawback right against the Advisor or the General Partner.

The General Partner may have certain interests that conflict with the interests of the board of directors in the governance of the Operating Company.

The General Partner, an affiliate of our Advisor, is responsible for the day-to-day operations of the Operating Company subject to the general supervision of the board of directors including various significant matters such as the issuance of additional classes of securities of the Operating Company and the determination of the timing and amounts of distributions payable by the Operating Company. The decisions of the General Partner with respect to these and other matters may be subject to various conflicts of interest arising out of its relationship with us and its affiliates. The General Partner could be confronted with decisions where it will, directly or indirectly, have an economic incentive to place its interests or the interests of its affiliates above ours.

The procedures for the appointment and removal of directors from the board of directors of the Operating Company differ from those of the Holding Company, which may result in the boards of directors of the Operating Company and the Holding Company consisting of different members.

The procedures for the appointment and removal of directors from the board of directors of the Operating Company differ from those of the Holding Company, which may result in the boards of directors of the Operating Company and the Holding Company consisting of different members. If the boards of directors of the Operating Company and the Holding Company consist of different members, the objectives of the boards of directors may differ and decisions regarding the management of the Operating Company may adversely affect the Holding Company.

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We are dependent upon senior management personnel of the Advisor for our future success, and if the Advisor is unable to retain qualified personnel or if the Advisor loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed.

The success of the Company is highly dependent on the financial and managerial expertise of TCP. The loss of one or more of the voting members of the Investment Committee could have a material adverse effect on the performance of the Company. Although TCP and the voting members of the Investment Committee devote a significant amount of their respective efforts to the Company, they actively manage investments for other clients and are not required to (and will not) devote all of their time to the Company's affairs.

The Advisor or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.

The Advisor's investment professionals, Investment Committee or their respective affiliates may serve as directors of, or in a similar capacity with, companies in which we invest. In the event that material non-public information is obtained with respect to such companies, or we became subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us and, consequently, your interests as a stockholder.

Our Advisor can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our Advisor has the right, under our investment management agreement, to resign at any time upon not more than 60 days' written notice, whether we have found a replacement or not. If our Advisor resigns, we may not be able to find a new investment advisor or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Advisor and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

We may experience fluctuations in our periodic operating results.

We could experience fluctuations in our periodic operating results due to a number of factors, including the interest rates payable on the debt securities we acquire, the default rate on such securities, the level of our expenses (including the interest rates payable on our borrowings), the dividend rates payable on preferred stock we issue, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

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If we fail to maintain our status as a business development company, our business and operating flexibility could be significantly reduced.

We qualify as business development companies under the 1940 Act. The 1940 Act imposes numerous constraints on the operations of business development companies. For example, BDCs are prohibited from making any unqualifying investments unless at least 70% of their total assets are invested in qualifying investments which are primarily securities of private or thinly-traded U.S. companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Failure to comply with the requirements imposed on business development companies by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, any such failure could cause an event of default under the Leverage Program, which could have a materially adverse effect on our business, financial conditions or results of operations. See "Regulation."

Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance growth. If additional funds are unavailable or not available on favorable terms, our ability to grow will be impaired.

In order for the Company to qualify for the tax benefits available to RICs and to avoid payment of excise taxes, we intend to distribute to our stockholders substantially all of our annual taxable income, except that we may retain certain net capital gains for reinvestment in common interests of the Operating Company, and treat such amounts as deemed distributions to its stockholders. If we elect to treat any amounts as deemed distributions, we must pay income taxes at the corporate rate on such deemed distributions on behalf of our stockholders and our stockholders will receive a tax credit for such amounts and an increase in basis. A stockholder that is not subject to U.S. federal income tax or otherwise is not required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. As a result of these requirements, we will likely need to raise capital from other sources to grow our business. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by lenders not to extend credit to us. An inability to successfully access the capital markets could limit our ability to grow our business and fully execute our business strategy and could decrease our earnings, if any.

As a BDC, we are not able to incur senior securities unless after giving effect thereto we meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which includes all of our borrowings and any outstanding preferred interests, of at least 200%. These requirements limit the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, these limitations may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect we will be able to borrow and to issue additional debt securities and expect that we will be able to issue additional equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a business development company, we generally will not be permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new investment activities and our net asset value or common stock price could decline.

The highly competitive market in which we operate may limit our investment opportunities.

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies, and, to the extent they provide an alternative form of financing, private equity funds. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, such as hedge funds, those entities now invest in areas in which they

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have not traditionally invested. As a result of these new entrants, competition for investment opportunities intensified in recent years and may intensify further in the future. Some of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions and valuation requirements that the 1940 Act imposes on us as a BDC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this existing and potentially increasing competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors make loans with interest rates that are comparable to or lower than the rates we offer.

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on better terms to our portfolio companies than what we may have originally anticipated, which may impact our return on these investments.

Our board of directors may change our operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive our operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results or value of our stock. Nevertheless, the effects could adversely affect our business and impact our ability to make distributions and cause you to lose all or part of your investment.

Risks related to our investments

We cannot assure you that we will be able to successfully deploy the proceeds of this offering within the timeframe we have contemplated.

We currently anticipate that a portion of the net proceeds of this offering will be invested in accordance with our investment objective within six to twelve months following completion of this offering. We cannot assure you, however, that we will be able to locate a sufficient number of suitable investment opportunities to allow us to successfully deploy in that timeframe that portion of net proceeds of this offering. To the extent we are unable to invest within our contemplated timeframe after the completion of this offering, our investment income, and in turn our results of operations, will likely be adversely affected.

We have not yet identified the portfolio company investments we intend to acquire using the proceeds of this offering.

We have not yet identified the potential investments for our portfolio that we will purchase following this offering. Our Advisor will select our investments subsequent to the closing of this offering, and our stockholders will have no input with respect to such investment decisions. These factors increase the uncertainty, and thus the risk, of investing in our common stock.

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Our investments may be risky, and you could lose all or part of your investment.

We invest mostly in middle-market companies primarily through leveraged loans.

Risks Associated with middle-market companies. Investing in private middle-market companies involves a number of significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on us; and
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Little public information exists about private middle-market companies, and we expect to rely on TCP's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. These companies and their financial information are not subject to the Sarbanes-Oxley Act of 2002 and other rules that govern disclosures and financial controls of public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investment.

Lower Credit Quality Obligations. Most of our debt investments are likely to be in lower grade obligations. The lower grade investments in which we invest may be rated below investment grade by one or more nationally-recognized statistical rating agencies at the time of investment or may be unrated but determined by the Advisor to be of comparable quality. Debt securities rated below investment grade are commonly referred to as "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. The debt that we invest in typically is not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

Investment in lower grade investments involves a substantial risk of loss. Lower grade securities or comparable unrated securities are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for lower grade debt tend to be very volatile and are less liquid than investment grade securities. For these reasons, your investment in our company is subject to the following specific risks:

- increased price sensitivity to a deteriorating economic environment;
- greater risk of loss due to default or declining credit quality;
- adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and

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if a negative perception of the lower grade debt market develops, the price and liquidity of lower grade securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a lower grade issuer to make principal payments and interest payments than an investment grade issuer. The principal amount of lower grade securities outstanding has proliferated in the past decade as an increasing number of issuers have used lower grade securities for corporate financing. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. Similarly, downturns in profitability in specific industries could adversely affect the ability of lower grade issuers in that industry to meet their obligations. The market values of lower grade debt tend to reflect individual developments of the issuer to a greater extent than do higher quality investments, which react primarily to fluctuations in the general level of interest rates. Factors having an adverse impact on the market value of lower grade debt may have an adverse effect on our net asset value and the market value of our common stock. In addition, we may incur additional expenses to the extent we are required to seek recovery upon a default in payment of principal of or interest on our portfolio holdings. In certain circumstances, we may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, we would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

The secondary market for lower grade debt is unlikely to be as liquid as the secondary market for more highly rated debt, a factor which may have an adverse effect on our ability to dispose of a particular instrument. There are fewer dealers in the market for lower grade securities than investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for lower grade debt could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become highly illiquid. As a result, we could find it more difficult to sell these instruments or may be able to sell the securities only at prices lower than if such instruments were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating our net asset value.

Since investors generally perceive that there are greater risks associated with lower grade debt of the type in which we may invest a portion of our assets, the yields and prices of such debt may tend to fluctuate more than those for higher rated instruments. In the lower quality segments of the fixed income markets, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the income securities market, resulting in greater yield and price volatility.

Distressed Debt Securities Risk. At times, distressed debt obligations may not produce income and may require us to bear certain extraordinary expenses (including legal, accounting, valuation and transaction expenses) in order to protect and recover our investment. Therefore, our ability to achieve current income for our stockholders may be diminished. We also will be subject to significant uncertainty as to when and in what manner and for what value the distressed debt we invest in will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt we hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of our participation in negotiations with respect to any exchange

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offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities.

Payment-in-kind Interest Risk. Our loans may contain a payment-in-kind, or PIK, interest provision. PIK investments carry additional risk as holders of these types of securities receive no cash until the cash payment date unless a portion of such securities is sold. If the issuer defaults the Company may obtain no return on its investment. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To avoid the imposition of corporate-level tax on us, this non-cash source of income needs to be paid out to stockholders in cash distributions or, in the event that we determine to do so and in certain cases, in shares of our common stock, even though we have not yet collected and may never collect the cash relating to the PIK interest. As a result, if we distribute taxable dividends in the form of our common stock, we may have to distribute a stock dividend to account for PIK interest even though we have not yet collected the cash.

Preferred Stock Risk. To the extent we invest in preferred securities, there are special risks, including:

Deferral. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes although we have not yet received such income.

Subordination. Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.

Liquidity. Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. Government securities.

Limited Voting Rights. Generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights.

Equity Security Risk. We may have exposure to equity securities. Although equity securities have historically generated higher average total returns than fixed-income securities over the long term, equity securities also have experienced significantly more volatility in those returns. The equity securities that we acquire may fail to appreciate and may decline in value or become worthless.

Hedging Transactions. We may employ hedging techniques to minimize currency exchange rate risks or interest rate risks, but we can offer no assurance that such strategies will be effective. If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Additionally, engaging in certain hedging transactions could result in adverse tax consequences, e.g. giving rise to income that does not qualify for the 90% annual gross income requirement applicable to RICs.

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Economic recessions or downturns could impair our portfolio companies and harm our operating results.

The U.S. was recently in a prolonged recessionary period and may return to a recessionary period. Many other economies are currently in a prolonged recessionary period. These conditions have ameliorated to some degree in past months but could continue for a prolonged period of time or worsen in the future. In addition, since 2010, several EU countries, including Greece, Ireland, Italy, Spain, and Portugal, have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we or one of our affiliates may have structured our interest in such portfolio company as senior debt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding as equity and subordinate all or a portion of our claim to claims of other creditors.

We may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

We do not generally intend to take controlling equity positions in our portfolio companies. To the extent that we do not hold a controlling equity interest in a portfolio company, we are subject to the risk that such portfolio company may make business decisions with which we disagree, and the stockholders and management of such portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the value of our investments.

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

The portfolio companies we invest in usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have

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any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected.

We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

Our portfolio companies may prepay loans, which prepayment may reduce stated yields in the future if capital returned cannot be invested in transactions with equal or greater expected yields.

Certain of the loans we make are prepayable at any time, some of them of them at no premium to par. We cannot predict when such loans may be prepaid. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that permit such company to replace existing financing with less expensive

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capital. As market conditions change frequently, it is unknown when, and if, this may be possible for each portfolio company. In the case of some of these loans, having the loan prepaid early may reduce the achievable yield for the Company in the future below the current yield disclosed for our portfolio if the capital returned cannot be invested in transactions with equal or greater expected yields.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments in order to: (1) increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (3) attempt to preserve or enhance the value of our initial investment.

We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. Our failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make such follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, because we are inhibited by compliance with BDC requirements or because we desire to maintain our tax status.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies in order to provide diversification or to complement our U.S. investments, although we are required generally to invest at least 70% of our assets in companies organized and having their principal place of business within the U.S. and its possessions. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks may be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed.

Although it is anticipated that most of our investments will be denominated in U.S. dollars, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency may change in relation to the U.S. dollar. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective. As a result, a change in currency exchange rates may adversely affect our profitability.

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Risks related to our operations as a BDC

While our ability to enter into transactions with our affiliates are restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, our Advisor may face conflict of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us.

We are prohibited under the 1940 Act from participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities and from or to certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

TCP and the funds managed by TCP have received an exemption from certain SEC regulations prohibiting transactions with affiliates. See "Management of the Company Exemptive Order" for a description of the exemption order received by TCP. The exemptive order requires that certain procedures be followed prior to making an investment subject to the order and such procedures could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us. In addition, TCP may face conflicts of interests in making investments pursuant to the exemptive order. See " If TCP is unable to manage our investments effectively, we may be unable to achieve our investment objective. In addition, TCP may face conflicts in allocating investment opportunities between us and certain other entities that could impact our investment returns" and "Management of the Company Exemptive Order."

Regulations governing our operation as a BDC may limit our ability to, and the way in which we, raise additional capital, which could have a material adverse impact on our liquidity, financial condition and results of operations.

Our business may in the future require a substantial amount of capital in addition to the proceeds of this offering. We may acquire additional capital from the issuance of additional shares of our common stock or from the additional issuance of senior securities (including debt and preferred stock). However, we may not be able to raise additional capital in the future on favorable terms or at all.

Our board of directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a BDC, we are generally not able to issue our common stock at a price below net asset value without first obtaining required approvals from our stockholders and our independent directors. If our common stock trades at a discount to net asset value, those restrictions could adversely affect our ability to raise equity capital. Except in connection with the exercise of warrants or the conversion of convertible securities, in any such case the price at which our securities are to be issued and sold may not be less than a price, that in the determination of our board of directors, closely approximates the market value of such securities at the relevant time. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to the requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and such stockholders may experience dilution.

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We may only issue senior securities up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such issuance or incurrence. If our assets decline in value and we fail to satisfy this test or any stricter test under the terms of our leverage instruments, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales or repayment may be disadvantageous, which could have a material adverse impact on our liquidity, financial condition and results of operations.

Changes in the laws or regulations governing our business or the business of our portfolio companies, or changes in the interpretations thereof or newly enacted legislation and regulations, and any failure by us to comply with these laws or regulations, could have a material adverse effect on our business, results of operations or financial condition of us or our portfolio companies.

Changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and may be subject to civil fines and criminal penalties.

On July 21, 2010, President Obama signed into law the Dodd-Frank Act. Many of the provisions of the Dodd-Frank Act have extended implementation periods and delayed effective dates and will require extensive rulemaking by regulatory authorities. While the impact of the Dodd-Frank Act on us and our portfolio companies may not be known for an extended period of time, the Dodd-Frank Act, including future rules implementing its provisions and the interpretation of those rules, along with other legislative and regulatory proposals directed at the financial services industry or affecting taxation that are proposed or pending in the U.S. Congress, may negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.

If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.

As a BDC, we are prohibited from acquiring any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. As of September 30, 2012, approximately $46.4 million, or approximately 8.9%, of our total assets were not "qualifying assets." If we do not invest a sufficient portion of our assets in qualifying assets, we will be prohibited from investing in additional non-qualifying assets, which could have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times in order to come into compliance with the 1940 Act. If we need to dispose of these investments quickly, it may be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if a buyer is found, we may have to sell the investments at a substantial loss.

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We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to qualify as a RIC under Subchapter M of the Code, which would have a material adverse effect on our financial performance.

Although we are currently qualified as a RIC, no assurance can be given that we will be able to maintain RIC status. To obtain and maintain RIC status and be relieved of U.S. federal income taxes on income and gains distributed to its stockholders, we generally must meet the annual distribution, source-of-income and asset diversification requirements described below. In addition, our Leverage Program prohibits us from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or the Leverage Program.

To qualify as a RIC under the Code, we generally must meet certain source-of-income, asset diversification and annual distribution requirements. The annual distribution requirement for a RIC is satisfied if we distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, to our stockholders on an annual basis. Since we use debt financing and have Preferred Interests outstanding, we are subject to certain asset coverage ratio requirements and other financial covenants under the terms of the Leverage Program, and we are, in some circumstances, also subject to similar requirements under the 1940 Act. The requirements could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we generally must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because we anticipate that most of our investments will be in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses.

If we fail to qualify as a RIC for any reason and become subject to corporate-level income tax, the resulting corporate-level income taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. For additional discussion regarding the tax implications of a RIC, see "Material U.S. Federal Income Tax Matters."

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we may include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise if we receive warrants in connection with the making of a loan or possibly in other circumstances, or PIK interest, which represents contractual interest added to the loan balance and due in the future, often only at the end of the loan. Such original issue discount, which could be significant relative to our overall investment activities, or increases in loan balances as a result of PIK arrangements are generally included in our taxable income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we do not receive in cash.

Since we may recognize taxable income before or without receiving cash representing such income, if we invest to a substantial extent in non-cash paying debt instruments we may have difficulty meeting the tax requirement to distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements.

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There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this prospectus. Due to the asset coverage test applicable to us under the 1940 Act as a BDC, we may be limited in our ability to make distributions.

Efforts to comply with Section 404 of the Sarbanes-Oxley Act involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.

Under current SEC rules, we are required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and related rules and regulations of the SEC. We are required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting. As a result, we are incurring additional expenses that may negatively impact our financial performance and our ability to make distributions. This process results in a diversion of management's time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations, and we may not be able to ensure that the process is effective or that our internal control over financial reporting is or will be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes-Oxley Act and related rules, we and the market price of our common stock may be adversely affected.

Risks relating to this offering

We may use proceeds of this offering in a way with which you may not agree.

We will have significant flexibility in applying the proceeds of this offering and may use the net proceeds from this offering in ways with which you may not agree, or for purposes other than those contemplated at the time of this offering. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of this offering. Our ability to achieve our investment objective may be limited to the extent that net proceeds of this offering, pending full investment, are used to pay expenses rather than to make investments.

Our common stock price may be volatile and may fluctuate substantially.

As with any stock, the price of our common stock will fluctuate with market conditions and other factors. If you sell shares, the price received may be more or less than the original investment. Net asset value will be reduced immediately following our offering by the amount of the sales load and selling expenses paid by us. The offering price per share of our common stock less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make this offering. Our common stock is intended for long-term investors and should not be treated as a trading vehicle. Shares of BDCs and closed-end management investment companies, which are structured similarly to us, frequently trade at a discount from their net asset value. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share of common stock may decline. We cannot predict whether our common stock will trade at, above or below net asset value. This risk of loss associated with this characteristic of BDCs and closed-end management investment companies may be greater for investors who sell their shares in a relatively short period of time after completion of the offering.

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The market price and liquidity of the market for our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in the sector in which we operate, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- loss of RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of key personnel from our investment advisor;
- operating performance of companies comparable to us;
- general economic trends and other external factors; and
- loss of a major funding source.

Certain provisions of the Delaware General Corporation Law and our certificate of incorporation and bylaws and certain aspects of our structure could deter takeover attempts and have an adverse impact on the price of our common stock.

The Delaware General Corporation Law, our certificate of incorporation and our bylaws contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price of our common stock.

For example, to convert us to a closed-end or open-end investment company, to merge or consolidate us with any entity or sell all or substantially all of our assets to any entity in a transaction as a result of which the governing documents of the surviving entity do not contain substantially the same anti-takeover provisions as are provided in our certificate of incorporation or to liquidate and dissolve us other than in connection with a qualifying merger, consolidation or sale of assets or to amend certain of the provisions relating to these matters, our certificate of incorporation requires either (i) the favorable vote of a majority of our continuing directors followed by the favorable vote of the holders of a majority of our then outstanding shares of each affected class or series of our shares, voting separately as a class or series or (ii) the favorable vote of at least 80% of the then outstanding shares of our capital stock, voting together as a single class.

In addition, the board of directors of the Operating Company is appointed by different procedures than the board of the Holding Company, which could lead to the boards of directors of the Operating Company and the Holding Company having different compositions. Such a difference in composition may further hinder or delay an acquisition proposal.

Our stockholders may receive shares of our common stock as dividends, which could result in adverse tax consequences to stockholders.

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a

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portion of such dividend is paid in cash (which portion can be as low as 10% for dividends paid on or before December 31, 2012 with respect to any taxable year ending on or before December 31, 2011) and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder would be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

Future transactions and this offering may limit our ability to use our capital loss carryforwards.

We have capital loss carryforwards for U.S. federal income tax purposes. Subject to certain limitations, capital loss carryforwards may be used to offset future recognized capital gains. Section 382 of the Code imposes an annual limitation on the ability of a corporation, including a RIC, that undergoes an "ownership change" to use its capital loss carryforwards. We do not expect that this offering will result in an ownership change for Section 382 purposes. However, this offering will make it more likely that future transactions involving our common stock, including transfers by existing shareholders, could result in such an ownership change. Accordingly, there can be no assurance that an ownership change limiting our ability to use our capital loss carryforwards (and built-in, unrecognized losses, if any) will not occur in the future. Such a limitation would, for any given year, have the effect of potentially increasing the amount of our U.S. federal net capital gains for such year and, hence, the amount of capital gains dividends we would need to distribute to remain a RIC and to avoid U.S. income and excise tax liability.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to factors previously identified elsewhere in this prospectus, including the "Risks" section of this prospectus, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- the introduction, withdrawal, success and timing of business initiatives and strategies;
- changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;
- the relative and absolute investment performance and operations of our investment advisor;
- the impact of increased competition;
- the impact of future acquisitions and divestitures;
- the unfavorable resolution of legal proceedings;
- our business prospects and the prospects of our portfolio companies;
- the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us or TCP;
- the ability of TCP to identify suitable investments for us and to monitor and administer our investments;
- our contractual arrangements and relationships with third parties;
- any future financings by us;
- the ability of TCP to attract and retain highly talented professionals;
- fluctuations in foreign currency exchange rates; and
- the impact of changes to tax legislation and, generally, our tax position.

This prospectus contains, and other statements that we may make may contain, forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "potential," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve" and similar expressions, or future or conditional verbs such as "will,"

"would," "should," "could," "may" or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act or Section 21E of the Securities Exchange Act. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

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USE OF PROCEEDS

The net proceeds of the offering are estimated to be approximately $ million (approximately $ million if the underwriters exercise their overallotment option to purchase additional shares in full), assuming an offering of 4,000,000 shares of common stock in this offering at the assumed public offering price of $15.00, which was the last reported closing price of our common stock on December 5, 2012, and after deducting the underwriting discounts and commissions and estimated offering expenses of approximately $0.6 million payable by us.

We intend to use approximately $48 million of the net proceeds to repay amounts outstanding under the Revolving Facility and to use the remainder to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses. We anticipate that substantially all of such remainder of the net proceeds of this offering will be invested in accordance with our investment objective within six to twelve months following completion of this offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you that we will achieve our targeted investment pace.

As of December 5, 2012, we had $48 million outstanding under the Revolving Facility, with advances generally bearing interest at LIBOR plus 0.44%, subject to certain limitations. The Revolving Facility matures July 31, 2014, subject to extension by the lenders at our request for one 12-month period.

Pending investments in portfolio companies by the Company, the Company will invest the remaining net proceeds of this offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period. See "Regulation Temporary Investments" and "Management of the Company Investment Management Agreements."

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CAPITALIZATION

The following table sets forth (1) our actual capitalization at September 30, 2012 and (2) our capitalization on a pro forma basis giving effect to the sale of our common stock in this offering at the assumed public offering price of $15.00 per share, which was the last reported closing price of our common stock on December 5, 2012, after deducting the underwriting discounts and commissions and offering expenses payable by us and the application of the estimated net proceeds of this offering. You should read this table together with "Use of Proceeds."

	As of September 30, 2012	
	Actual	Pro forma
Assets:		
Cash and cash equivalents	$ 11,514,135	$
Investments	490,122,518	490,122,518
Other assets	19,636,100	19,636,100
Total assets	$ 521,272,753	$
Liabilities:		
Revolving Facility[1]	$ 48,000,000	$
Other liabilities	21,101,742	21,043,817
Total liabilities	$ 69,101,742	$ 21,043,817
Stockholders' equity:		
Preferred Interests;[2] $20,000/share liquidation preference; 6,700 shares authorized, 6,700 preferred interests issued and outstanding, actual; 6,700 preferred interests issued and outstanding, pro forma	$ 134,000,000	$ 134,000,000
Accumulated dividends on Preferred Interests	535,582	535,582
Common stock, par value $0.001 per share; 200,000,000 shares of common stock authorized; 21,476,464 stock issued and outstanding, actual; 25,476,464 common stock issued and outstanding, pro forma	21,476	25,476
Preferred stock, par value $0.001 per share; 100,000,000 shares of preferred stock authorized; no shares issued and outstanding, actual; no preferred stock issued and outstanding, pro forma		
Capital in excess of par value	445,696,889	
Accumulated net investment income	19,345,469	19,345,469
Accumulated net realized losses	(39,392,758)	(39,392,758)
Accumulated net unrealized depreciation	(108,035,647)	(108,035,647)
Net assets applicable to common shareholders	$ 317,635,429	$
Total capitalization	$ 521,272,753	$

(1) The above table reflects our liabilities under the Revolving Facility as of September 30, 2012. As of December 5, 2012, our debt outstanding under the Revolving Facility was $48 million.

(2) Preferred Interests are a component of the $250 million Leverage Program of the Operating Company.

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SENIOR SECURITIES

Information about our senior securities is shown in the following table as of the end of each fiscal year ended since 2007 since the Company commenced operations and as of September 30, 2012. The report of our independent registered public accounting firm on our Financial Statements and Financial Highlights at December 31, 2011 includes the senior securities table below other than 2012 unaudited information.

Class and Year	Total Amount Outstanding[3]	Asset Coverage Per Unit[4]	Involuntary Liquidating Preference Per Unit[5]	Average Market Value Per Unit[6]
Revolving Facility[1]				
Fiscal 2012 (as of September 30, 2012, unaudited)	$ 48,000	$ 10,408	$	N/A
Fiscal 2011	29,000	13,803		N/A
Fiscal 2010	50,000	8,958		N/A
Fiscal 2009	75,000	5,893		N/A
Fiscal 2008	34,000	10,525		N/A
Fiscal 2007	207,000	3,534		N/A
Preferred Interests[2]				
Fiscal 2012 (as of September 30, 2012, unaudited)	$ 134,000	$ 55,004	$ 20,080	N/A
Fiscal 2011	134,000	49,251	20,070	N/A
Fiscal 2010	134,000	48,770	20,056	N/A
Fiscal 2009	134,000	42,350	20,055	N/A
Fiscal 2008	134,000	42,343	20,175	N/A
Fiscal 2007	134,000	43,443	20,289	N/A

(1) The Operating Company entered into the Revolving Facility, pursuant to which amounts may currently be drawn up to $116 million. The Revolving Facility matures July 31, 2014, subject to extension by the lenders at our request for one 12-month period.

(2) At September 30, 2012, the Operating Company had 6,700 Preferred Interests issued and outstanding with a liquidation preference of $20,000 per interest. The Preferred Interests will be subject to mandatory redemption on July 31, 2016.

(3) Total amount of each class of senior securities outstanding at the end of the period presented (in 000's).

(4) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. For the Revolving Facility, the asset coverage ratio with respect to indebtedness is multiplied by $1,000 to determine the Asset Coverage Per Unit. The asset coverage ratio for the Preferred Interests is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by the sum of senior securities representing indebtedness and the liquidation preference of the Preferred Interests. For the Preferred Interests, the asset coverage ratio with respect to the Preferred Interests is multiplied by their liquidation value of $20,000 to determine the Asset Coverage Per Unit.

(5) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The " " in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(6) Not applicable because senior securities are not registered for public trading.

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PRICE RANGE OF COMMON STOCK

Our common stock began trading on April 5, 2012 and is currently traded on The Nasdaq Global Select Market under the symbol "TCPC." The following table lists the high and low closing sale price for our common stock, the closing sale price as a percentage of net asset value, or NAV, and quarterly distributions per share since shares of our common stock began being regularly quoted on The Nasdaq Global Select Market.

	NAV[1]	Stock Price		Premium/ Discount of High Sales Price to NAV[3]	Premium/ Discount of Low Sales Price to NAV[3]	Declared Distributions
		High[2]	Low[2]			
Fiscal year ended December 31, 2012						
Second Quarter[4]	$ 14.70	$ 14.75	$ 13.80	0.3%	(6.1)%	$ 0.34
Third Quarter	14.79	$ 15.96	$ 14.23	7.9%	(3.8)%	$ 0.35
Fourth Quarter (to December 5, 2012	[5]	$ 15.80	$ 14.88	%[5]	%[5]	$ 0.40[6]

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) The High/Low Stock Price is calculated as of the closing price on a given day in the applicable quarter.

(3) Calculated as of the respective High/Low Stock Price divided by the quarter end NAV.

(4) From April 5, 2012 (initial public offering) to June 30, 2012.

(5) NAV has not yet been finally determined for any day after September 30, 2012.

(6) Includes a special dividend of $0.05 per share.

On December 5, 2012, the last reported closing price of our common stock was $15.00 per share. As of December 5, 2012 we had 55 stockholders of record. The table below sets forth each class of outstanding securities as of December 5, 2012.

Title of Class	Amount Authorized	Amount Held by Registrant or for its Account	Amount Outstanding
Common Stock	200,000,000		21,476,464

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THE COMPANY

The Company

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a BDC under the 1940 Act. See "Prospectus Summary Company History and BDC Conversion" above. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities of middle-market companies, which we typically define as those with enterprise values between $100 million and $1.5 billion. While we intend to primarily focus on privately negotiated investments in debt of middle-market companies, we may make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities will benefit from what we believe are the competitive advantages of our Advisor, including its diverse in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments.

We have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the Operating Company. We expect that our investment activities will continue to be externally managed by our Advisor, a leading investment manager with in excess of $4.6 billion in committed capital, approximately 12% of which consists of the Holding Company's committed capital under management as of September 30, 2012, and a primary focus on providing financing to middle-market companies. Additionally, the Holding Company expects that it will continue to seek to qualify as a RIC under Subchapter M of the Code.

Investment Portfolio

At September 30, 2012, our existing investment portfolio consisted of debt and equity positions in 46 portfolio companies valued at approximately $490.1 million. Debt positions represented approximately 89% of the total portfolio fair value and had a weighted-average effective yield and yield to maturity of approximately 11.3% and 11.6%, respectively. For purposes of this prospectus, references to "yield to maturity" assume that debt investments in our portfolio as of a certain date are purchased at fair value on that date and held until their respective maturities with no prepayments or losses and are exited at par upon maturity. At September 30, 2012, the weighted-average remaining term of our debt investments was approximately 4.6 years. At September 30, 2012, the average investment size in our existing portfolio by issuer was $10.7 million. Equity positions represented approximately 11% of the total fair value of our investment portfolio. See " Investment Strategy" for more information.

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The following charts summarize our portfolio mix by industry and type based on the fair value of our investments as of September 30, 2012.

Investment by Industry

Investment by Asset Type

* *Industries in aggregate less than 2.5% of the portofolio*

Tennenbaum Capital Partners, LLC

Our investment activities are managed by TCP. TCP is a leading investment manager (including specialty lending to middle-market companies). TCP is a Delaware limited liability company and is registered as an investment advisor under the Investment Advisers Act of 1940. As of September 30, 2012, TCP had in excess of $4.6 billion in committed capital under management, approximately 12% of which consists of the Holding Company's committed capital, and a team of approximately 30 investment professionals supported by approximately 45 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, investor relations, and information technology. TCP was founded in 1999 by Michael E. Tennenbaum, Mark K. Holdsworth and Howard M. Levkowitz and its predecessor entity, formed by the same individuals, commenced operations in 1996. The three founders along with David A. Hollander, Michael E. Leitner, Philip M. Tseng and Rajneesh Vig constitute TCP's active partners, or the TCP Partners. The TCP Partners have significant industry experience, including experience investing in middle-market companies. Together, the TCP Partners have invested approximately $10.8 billion in over 200 companies since TCP's inception, through multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities. We refer to the products that employ these strategies within the TCP platform as the Opportunity Funds. We believe the TCP Partners' investment perspectives, complementary skills, and collective investment experience provides TCP with a strategic and competitive advantage in middle-market investing.

As our investment advisor, TCP is responsible for sourcing potential investments, conducting research, analyzing investment opportunities and structuring our investments and monitoring our portfolio companies on an ongoing basis. We believe that TCP has a proven long-term track record of positive performance, notwithstanding some periods during which losses were incurred, of sourcing deals, originating loans and successfully investing in middle-market companies and that the relationships of its investment professionals are integral to TCP's success. TCP's investment professionals have long-term working relationships with key sources of investment opportunities and

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industry expertise, including investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. Additionally, TCP's structure includes both a board of advisors and a group of Senior Executive Advisors, a team comprised of approximately 20 current and former executives from a variety of industries, which extends the reach of TCP's relationships through a group of seasoned industry leaders and that can enhance our deal sourcing and due diligence activities.

We also benefit from the existing infrastructure and administrative capabilities of an established investment manager. The General Partner, an affiliate of TCP, serves as our Administrator and provides us with office space, equipment and office services. The tasks of our Administrator include overseeing our financial records, preparing reports to our stockholders and reports filed with the SEC and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Since the beginning of 2011, TCP executed in its Opportunity Funds over $590 million in direct origination leveraged loans primarily to middle-market companies, of which over $280 million was for our account. There can be no assurance that similar deal flow or terms will be available in the future for loans in which we may invest.

Investment Strategy

To achieve our investment objectives, we intend to focus on a subset of the broader investment strategies historically pursued by TCP. Our primary investment focus is the ongoing origination of and investments in leveraged loans of performing middle-market companies, building on TCP's established track record of origination and participation in the original syndication of approximately $3.9 billion of leveraged loans to 70 companies since 1999, of which we invested over $740 million in 43 companies. For the purposes of this prospectus, the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower.

We anticipate our investments will generally range from $10 million to $35 million per company, the size of which may grow over time in proportion with our capital base. We expect to generate current returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. We often receive equity interests such as preferred or common stock and warrants or options in connection with our debt investments. From time to time we may also use other investment strategies, which are not our primary focus, to attempt to enhance the overall return of our portfolio. These investment strategies may include, but are not limited to, the purchase of discounted debt, opportunistic investments, and financial instruments to hedge currency or interest rate risk associated with our portfolio.

Our typical investments are in performing middle-market companies. We believe that middle-market companies are generally less able to secure financing than larger companies and thus offer better return opportunities for those able to conduct the necessary diligence to appropriately evaluate these companies. We focus primarily on U.S. companies where we believe our Advisor's perspective, complementary skills and investment experience provides us with a competitive advantage and in industries where our Advisor sees an attractive risk reward profile due to macroeconomic trends and existing TCP industry expertise.

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Our Competitive Advantages

We believe that we possess the following competitive advantages over other capital providers to middle-market companies:

Focus on minimizing the risk of loss and achieving attractive risk-adjusted returns. We primarily structure investments to attempt to achieve high cash yields, cash origination fees, conservative leverage, and strong contractual protections that reduce the risk of principal loss. Contractual protections may include default premiums, information rights, board governance rights, and affirmative, negative and financial covenants, such as lien protection and prohibitions against change of control. While we do not expect to undertake a material focus on distressed investments, we believe that TCP's experience in distressed investing from managing other funds helps us negotiate more favorable terms and provides greater opportunity to achieve principal protection. See " Investment Strategy."

Diverse in-house skills and experience of our Advisor. The principals and professionals of TCP have diverse and complementary backgrounds, including prior experience at private investment funds, investment banks, other financial services firms, and managing companies. We believe that the diverse professional experience of TCP's principals and professionals gives us an advantage in sourcing, evaluating, structuring, negotiating, closing, and profitably exiting investments. TCP's advantages include:

Significant investment expertise in over 15 different industry sectors;

Track record of leveraged loan originations or participations in original syndications of approximately $3.9 billion to 70 companies since 1999, of which we invested over $740 million in 43 companies;

Extensive workout and restructuring capabilities honed in multiple in- and out-of-court transactions which allows us to maximize our investment returns and minimize the risk of loss;

In-house legal expertise with significant experience protecting creditor rights;

Complementary "bottom-up" and "top-down" (macro economic) expertise; and

Expertise in analyzing highly complex companies and investments.

Consistent, proactive and rigorous investment and monitoring processes. We believe that TCP employs a proven investment process that integrates intensive "bottom-up" company-level research and analysis with a proactive "top-down" view of macroeconomic and industry risks and opportunities. The heart of the process is a thorough analysis of the underlying issuer's business, end markets, competitors, suppliers, revenues, costs, financial statements, and the terms of the issuer's existing obligations, including contingent liabilities (if any). TCP's professionals supplement in-house expertise with industry experts, including TCP's Board of Advisors and Senior Executive Advisors, as well as other CEO/CFO-level executives, with direct management experience in the industries under consideration. These company level analyses are undertaken in the context of and supplemented by TCP's views on and understanding of industry trends and broader economic conditions. These views are formulated and refined through TCP's systematic quarterly macroeconomic reviews and quarterly industry reviews, where long-term and immediate macroeconomic trends and their impact on industry risk/reward characteristics are determined. These views flow through to TCP's proactive deployment of research and capital resources in the investment process. Quarterly portfolio reviews and the TCP Portfolio Company Business Conditions Survey also help to inform TCP's macroeconomic and industry views as well as to inform reporting of deal teams' frequent monitoring of portfolio company progress, risk assessment, and refinement of exit plans. The survey is a proprietary survey of all portfolio companies in which TCP has a sizeable influence and includes a standardized set of questions in order to obtain

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insight into general business activity, pricing power, costs, margins, financing conditions and expansion plans.

Focus on established middle-market companies. We generally invest in companies with established market positions, seasoned management teams, proven and differentiated products and services and strong regional or national operations. We believe that these companies possess better risk-adjusted return profiles than newer companies that are building management or in early stages of building a revenue base. As a specialty middle-market lender, through TCP we have proven experience structuring financing for middle-market companies and meeting their specialized needs. We believe that there are fewer experienced finance companies focused on transactions involving small and middle-market companies than larger companies, allowing us to negotiate favorable investment terms, including higher yields, more significant covenant protection, and greater equity grants than typical of transactions involving larger companies. Additionally, we believe that middle-market companies offer significant risk-adjusted return advantages over larger companies as they are generally less able to secure financing compared to larger companies and, we believe, are more likely as borrowers to be subject to upfront fees, prepayment premiums and higher interest rates.

Debt platform with multiple deal sourcing channels. The employees of TCP have developed extensive networks among investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. These networks are a valuable source of directly originated deals and are further supplemented by the networks and experiences of TCP's Board of Advisors and Senior Executive Advisors. Additionally, TCP's track record as a provider of middle-market financing means that it is often the first or early call on new deal opportunities. Since inception, TCP has originated or participated in the original syndication of approximately $3.9 billion of newly issued loans to 70 companies since 1999, of which we invested over $740 million in 43 companies. TCP has closed transactions with more than 35 different private equity sponsors. TCP is well known as a lender to middle-market companies in a variety of contexts including stressed, distressed, and complex and special situations. TCP's in-depth industry knowledge and ability to diligence complex situations thoroughly and in a timely fashion helps to attract deal opportunities from multiple channels.

Attractively priced leverage program. We believe that the Leverage Program (defined below), combined with capital from recent monetizations, will provide us with a substantial amount of capital for deployment into new investment opportunities on relatively favorable terms. The Operating Company has an existing $250 million leverage program comprised of: (i) a $116 million senior secured credit facility that matures on July 31, 2014, subject to extension by the lenders at the request of the Operating Company for one 12-month period, which we refer to as the Revolving Facility; and (ii) $134 million in liquidation preference of preferred interests, which mature on July 31, 2016, which we refer to as the Preferred Interests. The Revolving Facility was entered into on July 31, 2006 with certain lenders and in conjunction with entering into such agreement, the Operating Company also issued the Preferred Interests to such lenders on the same date. We refer to the Revolving Facility and the Preferred Interests collectively as the Leverage Program. Advances under the Revolving Facility generally bear interest at LIBOR plus 0.44%, subject to certain limitations. The lenders also own all of the Operating Company's preferred interests, which is an aggregate of 6,700 Preferred Interests, each of which has a liquidation preference of $20,000 per interest, with dividends generally accruing at an annual rate equal to LIBOR plus 0.85%, subject to certain limitations. The weighted-average financing rate on the Leverage Program at September 30, 2012 was 0.96%. As preferred shareholders the lenders have the right under the 1940 Act to elect two directors of the Operating Company.

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Market opportunity

We believe that TCP has a consistent, non-cyclical track record of finding profitable opportunities to lend its managed assets to middle-market companies under most market conditions. However, we believe that the current environment for direct lending to middle-market companies is especially attractive for several reasons that include:

Reduced lending to middle-market companies by commercial banks. Recent regulatory changes, including the Dodd-Frank Financial Reform Act, or the Dodd-Frank Act, and the introduction of new international capital and liquidity requirements under the Basel III Accords, or Basel III, in addition to the continued ownership of legacy non-performing assets have significantly curtailed banks' lending capacity. In response, we believe that many commercial lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending, managing capital markets transactions and providing other non-credit services to their larger customers. We expect bank lending to middle-market companies to continue to be constrained for several years as Basel III rules phase in and rules and regulations are promulgated and interpreted under the Dodd-Frank Act.

Reduced credit supply to middle-market companies from non-bank lenders. We believe credit to middle-market companies from non-bank lenders will also be constrained as many of those lenders have either gone out of business, exited the market, or are winding down. Numerous hedge funds previously active in leveraged loans disappeared or contracted during the recent financial market crises, while others exited the lending market due to asset-liability mismatches. Other non-bank lenders exited lending due to balance sheet pressures. This situation provides a promising environment in which to originate loans to middle-market companies. We cannot, however, provide any assurance as to the length of time this tight credit supply will persist.

Middle-market companies are increasingly seeking lenders with access to permanent capital for debt and equity capital. We believe that many middle-market companies prefer to borrow from capital providers like us, rather than execute high-yield bond or equity transactions in the public markets that may necessitate increased financial and regulatory compliance and reporting obligations. Further, we believe many middle-market companies are inclined to seek capital from a small number of providers with access to permanent capital that can satisfy their specific needs and can serve as value-added, long-term financial partners with an understanding of the companies' growth needs.

Large Amount of Uninvested Private Equity Capital. Private equity firms raised significant amounts of equity commitments over the period of 2006 to 2008, far in excess of the amount of equity they invested. According to Pitchbook, from 2006 to May 2012 there was approximately $432 billion of uninvested capital raised by private equity funds from U.S. investors. We believe the large amount of undeployed private equity capital will drive demand for leveraged buyouts over the next several years, which we believe will, in turn, create significant leveraged lending opportunities for us.

Significant Refinancing Requirements. A significant portion of the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008 matures in the 2012 to 2015 time period. Much of this debt will need to be refinanced as it matures. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors should increase lending opportunities for us.

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Maturity Profile of Leveraged Debt

(in billions)

Source: Standard & Poor's Leveraged Commentary & Data

Attractive Pricing and Conservative Deal Structures. We believe that reduced access to, and availability of, debt capital has improved available loan pricing for middle-market lenders. Deals since the recent credit crisis occurred, which began in 2008 and included a period of disruption in the capital markets as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions, have included meaningful upfront fees, prepayment protections and, in some cases, warrants, all of which should enhance profitability to lenders.

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Average Discounted Spread of Leveraged Loans

Source: Standard & Poor's Leveraged Commentary & Data and S&P/LSTA Leveraged Loan Index

Furthermore, since the credit crisis, lenders generally have required lower leverage levels, increased equity contributions and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more readily, creating stronger protections against a subsequent downturn.

Equity Contributions **Purchase Price Breakdown**

Middle Market Defined as Issuers with EBITDA of $50 Million or Less
Source: Standard & Poor's Leveraged Commentary & Data

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Investment Process

TCP's investment process is designed to maximize its strategic advantages: a strong brand name as a specialty lender to the middle-market, and diverse in-house expertise and skills. TCP seeks out opportunities by conducting a rigorous and disciplined investment process that combines the following characteristics:

Deal Sourcing

As a leading middle-market corporate debt investment manager with a 15-year history and in excess of $4.6 billion in capital commitments as of September 30, 2012, approximately 12% of which consists of the Holding Company's committed capital, TCP is active in new deal financing opportunities in the middle-market segment. However, we believe that TCP's real deal flow advantage comes from the proprietary network of established relationships of its investment professionals and synergies among its professionals and portfolio companies. Members of TCP's Investment Committee for the Company, or the Investment Committee, have long-term relationships with deal sources including investment bankers, restructuring professionals, bankruptcy attorneys, senior lenders, high yield bond specialists, research analysts, accountants, fund management teams, TCP's Advisory Board, Senior Executive Advisors, board members of former clients, former colleagues and other operating professionals to facilitate deal flow. The Investment Committee is currently comprised of six voting members (Todd R. Gerch, Mark K. Holdsworth, Howard M. Levkowitz, Michael Leitner, Michael E. Tennenbaum and Rajneesh Vig). In total, the Investment Committee consists of approximately 25 members from TCP, of which approximately 19 are non-voting members. The number of voting and non-voting members of the Investment Committee is subject to increase or decrease in the sole discretion of TCP. All members of the Investment Committee attend investment meetings and are encouraged to participate in discussions. In addition, members of the Investment Committee have relationships with other investors, including insurance companies, bond funds, mezzanine funds, private equity funds, hedge funds and other funds which invest in similar assets. Further, TCP regularly calls on both active and recently retired senior executives from the relevant industries to assist with the due diligence of potential investments. Historically, these relationships with retired senior executives have also been a valuable source of transactions and information. TCP anticipates that they will continue to provide future opportunities. We believe TCP's strong relationships with its portfolio companies facilitate positive word-of-mouth recommendations to other companies seeking TCP's expertise. TCP's relationships often result in the ability to access investment opportunities earlier than many of its competitors and in some cases an exclusive basis.

Due Diligence Process

The foundation of TCP's investment process is intensive investment research and analysis by its experienced staff of investment professionals. TCP's senior professionals have worked together for numerous years and we believe that they have a superior level of credit investing knowledge relative to other credit investors. TCP supplements its in-house knowledge with industry experts, including CEO/CFO-level executives, with direct management experience in the industries under consideration. TCP prefers these industry experts to consultants because of the practical business advice that comes from having managed businesses. TCP rigorously and comprehensively analyzes issuers of securities of interest. The process includes a quantitative and qualitative assessment of the issuer's business, an evaluation of its management, an analysis of the business strategy and industry trends, and an in-depth examination of the company's capital structure, financial results and projections. TCP's due diligence process includes:

an assessment of the outlook for the industry and general macroeconomic trends;

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- discussions with issuer management and other industry executives, including the assessment of management/board strengths and weaknesses;

- an analysis of the fundamental asset values and the enterprise value of the issuer;

- review of the issuer's key assets, core competencies, competitive advantages, historical and projected financial statements, capitalization, financial flexibility, debt amortization requirements, and tax, environmental, legal and regulatory contingencies;

- review of the issuer's existing credit documents, including credit agreements, indentures, intercreditor agreements, and security agreements; and

- review of documents governing the issuer, including charter, by-laws, and key contracts.

Structuring Originations

As an early non-bank participant in the leveraged loan market, we believe that loan origination is a core competency of TCP. Supplementing industry deal teams' experience and competency, TCP has seven professionals (including investment professionals) with legal experience, two of whom have a quarter-century each of relevant experience in secured credit. Deal teams work with TCP's in-house legal specialists and outside counsel to structure over-collateralized loans with what we believe to be strong creditor protections and contractual controls over borrower operations. In many cases, TCP works to obtain contractual governance rights and board seats to protect principal and maximize post-investment returns. Deals usually include upfront fees and/or equity participations through warrants or direct equity stakes.

Trading and Secondary Market Purchases

A key element in maximizing investment returns in secondary purchases is buying and selling investments at the best available prices. TCP has a dedicated trading staff for both the highly specialized traded loan market and for high-yield bonds. Through its trading operations, TCP maintains its established relationships with a network of broker-dealers in the debt securities markets. These relationships provide TCP with access to the trading dynamics of existing or potential investments and assist it in effectively executing transactions. These relationships may also lead to the early identification of potential investment opportunities for the Company.

Portfolio Management & Monitoring

TCP actively monitors the financial performance of its portfolio companies and market developments. This constant monitoring permits TCP to update position risk assessments, seek to address potential problems early, refine exit plans, and make follow-on investment decisions quickly. We view active portfolio monitoring as a vital part of our investment process.

We consider board observation and information rights, regular dialogue with company management and sponsors, and detailed internally generated monitoring reports to be critical to our performance. We have developed a monitoring template that seeks to ensure compliance with these standards and that is used as a tool by the Investment Committee to assess investment performance relative to plan.

- Deal teams maintain contact with portfolio company management through regularly scheduled and *ad hoc* conference calls and onsite visits.

- Deal teams review portfolio company progress relative to plan and pre-determined performance benchmarks.

- Adverse or unexpected developments, as well as consequential routine updates, are reported to the Investment Committee and thoroughly discussed at regularly scheduled weekly

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meetings. If merited, the Investment Committee will hold ad hoc meetings as necessary to address urgent issues.

Deal teams, with Investment Committee approval, encourage portfolio company managers to catalyze events to monetize holdings for greater return, or where needed, corrective actions to address shortfalls to plan or benchmarks.

All existing portfolio holdings are formally reviewed in detail by the entire Investment Committee once per quarter at TCP's quarterly portfolio review.

Investment Committee and Decision Process

TCP's investment process is organized around the Investment Committee that provides for a centralized, repeatable decision process. The Investment Committee meets weekly and, with respect to each fund TCP advises, certain members of the Investment Committee are voting members. The Investment Committee has six voting members: Todd R. Gerch, Mark K. Holdsworth, Michael E. Leitner, Howard M. Levkowitz, Michael E. Tennenbaum and Rajneesh Vig. Approval by a simple majority vote of the voting members of the Investment Committee for each respective fund is required for the purchase or sale of any investment, with certain de-minimis exceptions. No voting member has veto power. TCP's investment process is designed to maximize risk-adjusted returns and preserve downside protection.

Investment Structure

Once we determine that a prospective portfolio company is suitable for a direct investment, we work with the management of that company and its other capital providers, including senior and junior lenders, and equity holders, to structure an investment. We negotiate among these parties to agree on how our investment is expected to be structured relative to the other capital in the portfolio company's capital structure.

Leveraged Loans

We structure our investments primarily as secured leveraged loans. Leveraged loans are generally senior debt instruments that rank ahead of subordinated debt of the portfolio company. Leveraged loans generally have the benefit of security interests on the assets of the portfolio company, which may rank ahead of, or be junior to, other security interests.

High-Yield Securities

The Company's portfolio currently includes high-yield securities and the Company may invest in high-yield securities in the future. High-yield securities have historically experienced greater default rates than has been the case for investment grade securities and are generally rated below investment grade by one or more nationally recognized statistical rating organizations or will be unrated but of comparable credit quality to obligations rated below investment grade, and have greater credit and liquidity risk than more highly rated obligations. High-yield securities are generally unsecured and may be subordinate to other obligations of the obligor and are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. The Company's portfolio also includes mezzanine investments which are generally unsecured and rated below investment grade. Mezzanine investments of the type in which the Company invests in are primarily privately negotiated subordinated debt securities often issued in connection with leveraged transactions, such as management buyouts, acquisitions, re-financings, recapitalizations and later stage growth capital financings, and are generally accompanied by related equity participation features such as options, warrants, preferred and common stock. In some cases, our debt investments may provide for a portion of the interest payable to be

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paid-in-kind interest. To the extent interest is paid-in-kind, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation.

Warrants, Options and Minority Equity

In some cases, we will also receive nominally priced warrants or options to buy a minority equity interest in the portfolio company in connection with a loan. As a result, if a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure such warrants to include provisions protecting our rights as a minority-interest holder, as well as a "put," or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

Distressed Debt

The Company's portfolio currently includes distressed debt investments and the Company is authorized to continue to invest in the securities and other obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. As of September 30, 2012, approximately 0.2% of the Operating Company's total assets consisted of debt investments in non-accrual status. Such debt investments were largely acquired through secondary market purchases and often led to the receipt of additional equity positions as part of in- or out-of-court debt-for-equity exchanges. The Company does not anticipate distressed debt to be a significant part of its ongoing investment strategy. Such investments generally trade significantly below par and are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result in only partial recovery of cash payments or an exchange of the defaulted obligation for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Opportunistic Investments

Opportunistic investments may include, but are not limited to, investments in debt securities of all kinds and at all levels of the capital structure and may include equity securities of public companies that are not thinly traded, emerging market debt, structured finance vehicles such as CLO funds and debt of middle-market companies located outside the United States. We do not intend such investments to be our primary focus.

We tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its operating results. We seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that we believe will compensate us appropriately for credit risk;
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with the preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or rights to a seat on the board of directors under some circumstances; and
- selecting investments that we believe have a very low probability of loss.

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We expect to hold most of our investments to maturity or repayment, but we may sell some of our investments earlier if a liquidity event occurs, such as a sale, recapitalization or worsening of the credit quality of the portfolio company.

Managerial assistance

As a BDC, we offer, and must provide upon request, managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. We may receive fees for these services and will reimburse the General Partner as our Administrator for its allocated costs in providing such assistance subject to review and approval by our board of directors. TCP will provide such managerial assistance on our behalf to portfolio companies that request this assistance.

Competition

Our primary competitors to provide financing to middle-market companies include public and private funds, commercial and investment banks, commercial finance companies and private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial and marketing resources than we do. For example, some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or to the distribution and other requirements we must satisfy to maintain our favorable RIC tax status.

Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are currently located at 2951 28th Street, Suite 1000, Santa Monica, CA 90405. TCP furnishes us office space and we reimburse it for such costs on an allocated basis.

Legal Proceedings

We, the Operating Company, the General Partner and TCP are currently party to certain lawsuits in the normal course of business. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any such open legal proceedings cannot at this time be predicted with certainty, we do not expect these matters will have a material adverse impact on the financial condition or results of operations of the Holding Company, the Operating Company, the General Partner or TCP.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with the selected financial data appearing elsewhere in this prospectus and our financial statements and notes thereto, which are incorporated by reference into this prospectus and the SAI.

Overview

We are a Delaware corporation formed on April 2, 2012 and are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities of leveraged middle market companies. We invest primarily in the debt of middle-market companies, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, we may make equity investments directly.

Investment operations are conducted in the Operating Company, a Delaware Limited Partnership, of which we own 100% of the common limited partner interests. The Operating Company has also elected to be treated as a BDC under the 1940 Act. The General Partner of the Operating Company is SVOF/MM, LLC, which also serves as our and the Operating Company's Administrator. The managing member of General Partner is TCP, which serves as the investment manager to both the Company and the Operating Company. Most of the equity interests in the General Partner are owned directly or indirectly by TCP and its employees.

We have elected to be treated as RIC for U.S. federal income tax purposes. As a RIC, we will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements. The Operating Company has elected to be treated as a partnership for U.S. federal income tax purposes.

On April 2, 2012, Special Value Continuation Fund, LLC ("SVCF") converted from a limited liability company to a corporation, leaving the Company as the surviving entity (the "Conversion"). At the time of the Conversion, all limited liability company interests were exchanged for 15,725,635 shares of common stock in the Company. As a result of the Conversion, the books and records of SVCF have become the books and records of the surviving entity and the Operating Company became a wholly owned subsidiary of the Company.

On April 3, 2012, the Company priced its initial public offering, selling 5,750,000 shares of its common stock at a public offering price of $14.75 per share.

To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Code, for each year. Pursuant to this election, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

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As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities and indebtedness of private U.S. companies, public U.S. operating companies whose securities are not listed on a national securities exchange or registered under the Securities Exchange Act of 1934, as amended, public domestic operating companies having a market capitalization of less than $250 million, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We are also permitted to make certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition.

Revenues

We generate revenues primarily in the form of interest on the debt we hold. We also generate revenue from dividends on our equity interests and capital gains on the sale of warrants and other debt or equity interests that we acquire. Our investments in fixed income instruments generally have an expected maturity of three to five years, although we have no lower or upper constraint on maturity. Interest on our debt investments is generally payable quarterly or semi-annually. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments and preferred stock investments may defer payments of cash interest or dividends or PIK. Any outstanding principal amount of our debt investments and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, structuring or due diligence fees, fees for providing significant managerial assistance, consulting fees and other investment related income.

Expenses

Our primary operating expenses include the payment of a base management fee and, depending on our operating results, incentive compensation, expenses reimbursable under the management agreement, administration fees and the allocable portion of overhead under the administration agreement. The base management fee and incentive compensation remunerates the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our administration agreement with SVOF/MM, LLC (the "Administrator") provides that the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to us under the administration agreement, as well as any costs and expenses incurred by the Administrator or its affiliates relating to any non-investment advisory, administrative or operating services provided by the Administrator or its affiliates to us. We also bear all other costs and expenses of our operations and transactions (and the Holding Company's common stockholders indirectly bear all of the costs and expenses of the Holding Company and the Operating Company), which may include those relating to:

our organization;

calculating our net asset value (including the cost and expenses of any independent valuation firms);

interest payable on debt, if any, incurred to finance our investments;

costs of future offerings of our common stock and other securities, if any;

the base management fee and any incentive compensation;

dividends and distributions on our preferred shares, if any, and common shares;

following conversion to a BDC, administration fees payable under the administration agreement;

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- fees payable to third parties relating to, or associated with, making investments;
- transfer agent and custodial fees;
- registration fees;
- listing fees;
- taxes;
- director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC;
- costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- indemnification payments;
- direct costs and expenses of administration, including audit and legal costs; and
- all other expenses reasonably incurred by us and the Administrator in connection with administering our business, such as the allocable portion of overhead under the administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

The investment management agreements provide that the base management fee is calculated at an annual rate of 1.5% of our total assets (excluding cash and cash equivalents) payable quarterly in arrears. For purposes of calculating the base management fee, "total assets" is determined without deduction for any borrowings or other liabilities. The base management fee is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter. The base management fee for any partial quarter is appropriately pro-rated.

Additionally, the investment management agreements and the Amended and Restated Limited Partnership Agreement provide that the Advisor or its affiliates may be entitled to incentive compensation under certain circumstances. No incentive compensation will be incurred prior to January 1, 2013. Beginning January 1, 2013, the incentive compensation will equal the sum of (1) 20% of all ordinary income since that date and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since that date, with each component being subject to a total return requirement of 8% of contributed common equity annually. The incentive compensation initially will be payable to the General Partner by the Operating Company pursuant to the Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reason incentive compensation is not paid by the Operating Company, it would be paid pursuant to the investment management agreement between us and the Advisor. The determination of incentive compensation is subject to limitations under the 1940 Act and the Advisers Act.

Critical accounting policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets,

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liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. Management considers the following critical accounting policies important to understanding the financial statements. In addition to the discussion below, our critical accounting policies are further described in the notes to our financial statements.

Valuation of portfolio investments

We value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our board of directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (i) are independent of us, (ii) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (iii) are able to transact for the asset, and (iv) are willing to transact for the asset or liability (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. We generally obtain market quotations from recognized exchanges, market quotation systems, independent pricing services or one or more broker dealers or market makers. However, short term debt investments with remaining maturities within 90 days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued at fair value as determined in good faith by our board of directors. Because a readily available market value for many of the investments in our portfolio is often not available, we value many of our portfolio investments at fair value as determined in good faith by our board of directors using a consistently applied valuation process in accordance with a documented valuation policy that has been reviewed and approved by our board of directors. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of our investments than on the fair values of our investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where we believe that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a "forced" sale by a distressed seller, where market quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

The valuation process adopted by our board of directors with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

The investment professionals of the Advisor provide recent portfolio company financial statements and other reporting materials to independent valuation firms engaged by our board of directors.

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Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor.

The board of directors discusses the valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Advisor, the respective independent valuation firms and the audit committee of the board of directors.

However, smaller investments aggregating less than 5% of our total capitalization may be valued at fair value as determined in good faith by the board of directors based on valuations provided by the Advisor without the employment of an independent valuation firm.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, our principal market (as the reporting entity) and enterprise values.

When valuing all of our investments, we strive to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Our investments may be categorized based on the types of inputs used in their valuation. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Investments are classified by GAAP into the three broad levels as follows:

Level 1 Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

As of September 30, 2012, 0.6% of our investments were categorized as Level 1, 22.3% were categorized as Level 2, 73.2% were Level 3 investments valued based on valuations by independent third party sources, and 3.9% were Level 3 investments valued based on valuations by the Advisor.

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Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on the financial statements.

Revenue recognition

Interest and dividend income, including income paid in kind, is recorded on an accrual basis to the extent that such amounts are determined to be collectible. Origination, structuring, closing, commitment and other upfront fees earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income received upon the early repayment of a loan or debt security are included in interest income.

Certain of our debt investments are purchased at a considerable discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. GAAP generally requires that discounts on the acquisition of corporate bonds, municipal bonds and treasury bonds be amortized using the effective-interest or constant-yield method. GAAP also requires that we consider the collectability of interest when making accruals. Accordingly, when accounting for purchase discounts, we recognize discount accretion income when it is probable that such amounts will be collected, generally at disposition. When the Partnership receives principal payments on a loan in an amount in excess of the loan's amortized cost, it records the excess principal payments as interest income.

Net realized gains or losses and net change in unrealized appreciation or depreciation

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Realized gains and losses are computed using the specific identification method. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Portfolio and investment activity

September 30, 2012

During the three months ended September 30, 2012, we invested approximately $80 million across seven new and two existing portfolio companies. Of these investments, $64.5 million (80% of the total) were in senior secured loans, $15 million (19% of the total) were in senior secured notes and $0.5 million (1% of the total) were in equity securities. During the nine months ended September 30, 2012, we invested approximately $245.6 million across 18 new and ten existing portfolio companies. Of these investments, 99% were senior secured debt comprised of senior loans ($213.7 million, or 87% of the total) and senior secured notes ($29.5 million, or 12% of the total). The remaining $2.4 million (1% of the total) of new investments were in unsecured debt and equity securities. Additionally, we received approximately $43.5 million and $129.1 million in proceeds from sales or repayments of investments during the three and nine months ended September 30, 2012 respectively.

At September 30, 2012, our investment portfolio of $490.1 million (at fair value) consisted of 46 portfolio companies and was invested 89% in debt investments, of which 95% was in senior secured debt and 5% in unsecured or subordinated debt. In aggregate, our investment portfolio was invested 67% in senior secured loans, 18% in senior secured notes, 4% in unsecured or subordinated debt, and 11% in equity investments. Our average portfolio company investment at amortized cost was approximately $13.0 million. Our largest portfolio company investment by value was approximately

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$49.3 million and our five largest portfolio company investments by value comprised approximately 25% of our portfolio at September 30, 2012. At December 31, 2011, our investment portfolio of $379.0 million (at fair value) consisted of 41 portfolio companies and was invested 48% in senior secured loans, 24% in senior secured notes, 9% in unsecured or subordinated debt, and 19% in equity investments. Our average portfolio company investment at amortized cost was approximately $11.6 million. Our largest portfolio company investment by value was approximately $48.3 million and our five largest portfolio company investments by value comprised approximately 33% of our portfolio at December 31, 2011.

The industry composition of our portfolio at fair value at September 30, 2012 was as follows:

Industry	Percent of Total Investments
Primary Metal Manufacturing	10.0%
Software Publishers	7.0%
Gambling Industries	6.4%
Scheduled Air Transportation	5.6%
Metal and Mineral Merchant Wholesalers	5.6%
Radio and Television Broadcasting	5.1%
Wired Telecommunications Carriers	4.1%
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	4.1%
Business Support Services	3.9%
Commercial and Industrial Machinery and Equipment Rental and Leasing	3.5%
Full-Service Restaurants	3.5%
Data Processing, Hosting, and Related Services	3.4%
Architectural, Engineering, and Related Services	3.2%
Motion Picture and Video Industries	3.1%
Scientific Research and Development Services	3.1%
Grocery Stores	2.9%
Electronic Shopping and Mail-Order Houses	2.9%
Motor Vehicle Parts Manufacturing	2.6%
Other Professional, Scientific, and Technical Services	2.5%
Promoters of Performing Arts, Sports, and Similar Events	2.3%
Electric Power Generation, Transmission and Distribution	2.3%
Other Telecommunications	2.1%
Computer Equipment Manufacturing	2.0%
Clothing Stores	1.9%
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing	1.8%
Other Financial Investment Activities	1.5%
Iron and Steel Mills and Ferroalloy Manufacturing	1.3%
Other	2.3%
Total	**100.0%**

The weighted average effective yield of the debt securities in our portfolio was 11.3% at September 30, 2012 and 11.9% at December 31, 2011. The weighted effective yields on our senior debt and other debt investments were 11.4% and 9.4%, respectively, at September 30, 2012, versus 11.6% and 15.9% at December 31, 2011.

At September 30, 2012, 55% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and 45% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor

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was 93% at September 30, 2012. At December 31, 2011, 33% of our debt investments bore interest based on floating rates and 67% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 60% at December 31, 2011.

December 31, 2011

During the year ended December 31, 2011, we invested approximately $171.8 million across nine new and 16 existing portfolio companies. These investments consisted primarily of senior secured loans and bonds ($145.9 million, or 85% of the total), equity securities ($17.6 million, or 10%) and unsecured or subordinated debt securities ($8.3 million, or 5%). Additionally, we received proceeds from sales/repayments of investment principal of approximately $216.9 million during the year ended December 31, 2011. During the year ended December 31, 2010, we invested approximately $262.8 million across 20 new and 14 existing portfolio companies. These investments consisted primarily of senior secured loans and bonds ($244.9 million, or 93% of the total), equity securities ($2.9 million, or 1%) and unsecured or subordinated debt securities ($15.0 million, or 6%). Additionally, we received proceeds from sales/repayments of investment principal of approximately $192.4 million during the year ended December 31, 2010.

At December 31, 2011, our investment portfolio of $379.0 million (at fair value) consisted of 41 portfolio companies and was invested 48% in senior secured loans, 24% in senior secured notes, 9% in unsecured or subordinated debt, and 19% in equity investments. Our average portfolio company investment at amortized cost was approximately $11.6 million at December 31, 2011. Our largest portfolio company investment by value was approximately $48.3 million and our five largest portfolio company investments by value comprised approximately 33% of our portfolio at December 31, 2011. At December 31, 2010, our investment portfolio of $453.0 million (at fair value) consisted of 44 portfolio companies and was invested 39% in senior secured loans, 8% in unsecured or subordinated debt, 25% in senior secured notes and 28% in equity investments. Our average portfolio company investment at amortized cost was approximately $11.2 million at December 31, 2010. Our largest portfolio company investment by value was approximately $47.5 million and our five largest portfolio company investments by value comprised approximately 38% of our portfolio at December 31, 2010.

The weighted average yield to maturity of the debt and income producing equity securities in our portfolio was 14.1% at December 31, 2011 and 13.1% at December 31, 2010. The weighted average yields to maturity on our senior secured debt and other debt investments were 13.8% and 19.4%, respectively, at December 31, 2011, versus 11.9% and 22.1% at December 31, 2010. Yields exclude common equity investments and preferred equity investments with no stated dividend rate.

At December 31, 2011, 33% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and 67% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 60% at December 31, 2011. At December 31, 2010, 36% of our debt investments bore interest based on floating rates and 64% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 36% at December 31, 2010.

Results of operations

Results of operations for the three and nine months ended September 30, 2012 are not directly comparable to the same periods ended September 30, 2011, since 2011 reflects a portfolio prior to the Conversion with different objectives.

Investment income

Investment income totaled $12.1 million and $10.5 million, respectively, for the three months ended September 30, 2012 and 2011, of which $11.8 million and $10.2 million were attributable to

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interest and fees on our debt investments and $0.3 million and $0.3 million were attributable to other income, respectively. Total investment income during the three months ended September 30, 2012 and 2011 was net of $0.5 million and $0.4 million, respectively, of depreciation expense from aircraft we own and lease (through portfolio trusts). The increase in investment income in the three months ended September 30, 2012 compared to the three months ended September 30, 2011 was primarily due to our larger investment portfolio during the three months ended September 30, 2012 compared to the same period in 2011. Total investments at fair value and their cost were $490.1 million and $598.1 million at September 30, 2012, compared to $393.8 million and $483.2 million at September 30, 2011.

Investment income totaled $35.0 million and $45.8 million, respectively, for the nine months ended September 30, 2012 and 2011, of which $32.1 million and $31.2 million were attributable to interest and fees on our debt investments, $1.8 million and $12.5 million to dividends from equity securities and $1.1 million and $2.0 million to other income, respectively. The decrease in investment income in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 reflects significant dividends received from two equity positions in the nine months ended September 30, 2011 totaling $12.5 million compared to receipt of $1.8 million in dividends from one equity investment in the nine months ended September 30, 2011, partially offset by an increase in interest income due to the larger investment portfolio.

Expenses

Net expenses for the three months ended September 30, 2012 and 2011 were $2.5 million and $2.2 million, respectively, which consisted of $1.7 million and $1.7 million in base management fees, $0.3 million and $0.1 million in legal and other professional fees, $0.1 million and $0.1 million in interest expense and fees related to the Revolving Facility, $0.1 million and $0.1 million in amortization of debt issuance costs, and $0.3 million and $0.2 million in other expenses, respectively. No incentive compensation was paid during the three months ended September 30, 2012 and 2011. The increase in expenses is primarily due to an overall increase in professional fees subsequent to the Conversion. Total expenses for each of these periods include an immaterial amount of expenses incurred by TCPC on a standalone basis.

Net expenses for the nine months ended September 30, 2012 and 2011 were $7.2 million and $6.4 million, respectively, which consisted of $5.0 million and $5.1 million in base management fees, $1.1 million and $0.1 million in legal and professional fees, $0.3 million and $0.4 million in interest expense and fees related to the Revolving Facility, $0.3 million and $0.3 million in amortization of debt issuance costs, and $0.5 million and $0.5 million in other expenses, respectively. No incentive compensation was paid during the nine months ended September 30, 2012 and 2011. Other expenses in the nine months ended September 30, 2012 includes $0.4 million in professional fees relating to the Conversion and an overall increase in ongoing professional fees subsequent to the Conversion.

Net investment income

Net investment income was $9.6 million and $8.3 million respectively, for the three months ended September 30, 2012 and 2011. The increase in net investment income in the three months ended September 30, 2012 compared to the three months ended September 30, 2011 primarily reflects the increase in interest income net of an increase in professional fees and other expenses.

Net investment income was $27.3 million and $39.3 million respectively, for the nine months ended September 30, 2012 and 2011. The decrease in in net investment income in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 primarily reflects the decrease in dividend income, the increase in interest income, the increase in professional fees and other expenses, and $0.5 in excise taxes paid in the first quarter of 2012.

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Net realized and unrealized gain or loss

Net realized gains (losses) for the three months ended September 30, 2012 and 2011 were $8.4 million and $(1.4) million, respectively. For the three months ended September 30, 2012 and 2011, the change in net unrealized appreciation or depreciation was $(8.1) million and $(18.6) million, respectively. The net realized gains during the three months ended September 30, 2012 and the corresponding reversal of unrealized gains were due primarily to our reported sale of approximately half of our equity investment in International Wire Group Holdings, Inc. during the period. The remaining change in net unrealized appreciation or depreciation during the three months ended September 30, 2012 was due to mark to market yield adjustments. Net realized gains for the nine months ended September 30, 2012 and 2011 were $6.0 million and $15.7 million, respectively. The net realized gains during the nine months ended September 30, 2012 were due to a gain of $7.3 million from the sale of International Wire Group Holdings, Inc. equity, net gains of $4.2 million primarily from three debt investments, and a reorganization charge on one debt investment of $(5.5) million. For the nine months ended September 30, 2012 and 2011, the change in net unrealized appreciation or depreciation was $(13.1) million and $(51.6) million, respectively.

Income tax expense, including excise tax

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must, among other things, timely distribute to its stockholders generally at least 90% of its investment company taxable income, as defined by the Code, for each year. The Company has made and intends to continue to make the requisite distributions to its stockholders which will generally relieve the Company from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income. There was no U.S. federal excise tax recorded for the three months ended September 30, 2012 and the nine months ended September 30, 2011. For the nine months ended September 30, 2012, an expense of $0.5 was recorded for U.S. federal excise tax on prior year income.

Dividends to preferred equityholders

Dividends on the Preferred Interests for the three months ended September 30, 2012 and 2011 were $0.4 million and $0.4 million, respectively. Dividends on the Preferred Interests for the nine months ended September 30, 2012 and 2011 were $1.2 million and $1.2 million, respectively, as average LIBOR rates for the two periods were similar.

Net increase in net assets resulting from operations

The net increase (decrease) in net assets resulting from operations was $9.5 million and $(12.1) million for the three months ended September 30, 2012 and 2011, respectively. The increased amount in the three months ended September 30, 2012 compared to the three months ended September 30, 2011 primarily reflects higher realized gains, net mark-to-market gains, and an increase in interest income. The net increase in net assets resulting from operations was $19.0 million and $2.3 million for the nine months ended September 30, 2012 and 2011, respectively. The increased amount in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 primarily reflects a lower net realized and unrealized loss, partially offset by the decrease in dividend income.

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Results comparisons are for the years ended December 31, 2011, 2010, and 2009.

Investment income

Investment income totaled $54.9 million, $47.8 million and $27.1 million, respectively, for the years ended December 31, 2011, 2010 and 2009, of which $38.0 million, $26.1 million and $19.0 million were attributable to interest and fees on senior secured debt, $4.1 million, $6.3 million and $7.7 million to interest earned on other debt investments, $10.6 million, $13.5 million and $0.0 million to dividends from equity securities, $0.0 million, $0.0 million and $0.0 million to interest earned on short-term investments and cash equivalents, and $2.1 million, $1.8 million and $0.4 million to other income, respectively. The increase in investment income in 2011 compared to 2010 primarily reflects an increase in the average size of our portfolio during 2011 and an increase in current yield during the year. The increase in investment income in 2010 compared to 2009 primarily reflects an increase in the size of our portfolio and a significant increase in dividends received on certain equity positions. Total investments at fair value and their cost were $379.0 million and $473.8 million at December 31, 2011, compared to $453.0 million and $490.9 million at December 31, 2010, and $343.1 million and $393.7 million at December 31, 2009, respectively. Three-month LIBOR averaged 0.34% during the year ended December 31, 2011, compared to 0.34% during the year ended December 31, 2010, and 0.69% during the year ended December 31, 2009.

Expenses

Net expenses (including any taxes) for the years ended December 31, 2011, 2010 and 2009 were $9.2 million, $8.9 million and $9.2 million, respectively, which consisted of $6.8 million each year in base management fees, $0.5 million each year in interest expense and fees related to the Revolving Agreement, $0.3 million, $0.5 million and $0.5 million in professional fees, respectively, $0.4 million each year in amortization of debt issuance costs, $0.1 million each year in insurance expenses, $0.2 million each year in director fees and $0.9 million, $0.4 million and $0.6 million in other expenses, respectively. No incentive compensation was paid during the years ended December 31, 2011, 2010 or 2009.

Net investment income

Net investment income was $45.6 million, $38.9 million and $17.9 million respectively, for the years ended December 31, 2011, 2010 and 2009. The increase in net investment income in 2011 compared to 2010 primarily reflects the increase in the average size of our portfolio during 2011 and the increase in current yield during the year. The increase in net investment income in 2010 compared to 2009 primarily reflects the increase in the size of our portfolio and the increased dividend income.

Net realized and unrealized gain or loss

Net realized gains (losses) for the years ended December 31, 2011, 2010 and 2009 were $18.1 million, $18.7 million and $(62.6) million, respectively. For the years ended December 31, 2011, 2010 and 2009, the change in net unrealized appreciation or depreciation was $(57.0) million, $12.9 million and $98.8 million, respectively. Net realized and unrealized losses during 2011 were primarily a result of fair market value markdowns resulting from turmoil in the capital markets primarily during the third quarter of 2011. Net realized and unrealized gains during 2010 and 2009 were primarily a result of reversals of prior years' unrealized depreciation and improved capital market conditions.

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Dividends to preferred equityholders

Dividends on the Preferred Interests for the years ended December 31, 2011, 2010 and 2009 were $1.5 million, $1.5 million and $1.7 million, respectively. The average LIBOR rate was relatively stable during 2011, 2010 and most of 2009; accordingly, there were no significant changes in dividends paid.

Net increase in net assets resulting from operations

The net increase in net assets resulting from operations was $5.2 million, $69.0 million and $52.3 million for the years ended December 31, 2011, 2010 and 2009 respectively. The smaller increase in 2011 compared to 2010 primarily reflects the negative change in net unrealized appreciation or depreciation. The larger increase in 2010 compared to the increase in 2009 primarily reflects an increase in interest income from new investments as well as dividends from certain equity positions, offset somewhat by a smaller positive change in net unrealized appreciation or depreciation.

Liquidity and capital resources

Since our inception, our liquidity and capital resources have been generated primarily through the initial private placement of common shares of SVCF (the predecessor entity) which were subsequently converted to common stock of TCPC, net proceeds from the Offering, our preferred equity facility and our revolving credit facility (together, the "Leverage Program"), and cash flows from operations, including investments sales and repayments and income earned from investments and cash equivalents. The primary uses of cash have been investments in portfolio companies, cash distributions to our equity holders, payments to service our Leverage Program and other general corporate purposes.

Net cash used in operating activities during the nine months ended September 30, 2012 was $77.9 million. Our primary use of cash in operating activities during this period consisted of settlements of investment acquisitions (net of dispositions) of $114.7 million, partially offset by net investment income (net of non-cash income) of approximately $36.8 million. Net cash provided by operating activities during the year ended December 31, 2011 was $76.8 million. Our primary source of cash from operating activities during this period consisted of settlements of investment dispositions (net of acquisitions) of $42.4 million, and from net investment income (net of non-cash income) of approximately $34.4 million.

Net cash provided by financing activities was $78.6 million during the nine months ended September 30, 2012, consisting primarily of $81.0 million of net proceeds from our initial public offering, reduced by $20.2 million of dividends on common equity, $1.1 million of dividends on our preferred equity facility (the "Preferred Interests"), and $19.0 million of net repayments under our revolving credit facility (the "Revolving Facility"). We used $73.7 million for financing activities during the year ended December 31, 2011, consisting primarily of $51.2 million of distributions to common shareholders, $1.5 million of dividends on the Preferred Interests, and $21.0 million of net repayments under our Revolving Facility.

At September 30, 2012, we had $11.5 million in cash and cash equivalents. At December 31, 2011, we had $10.8 million in cash and cash equivalents.

The Revolving Facility is secured by substantially all of the assets in our portfolio, including cash and cash equivalents. At September 30, 2012 and December 31, 2011, we had $48 million and $29 million, respectively, drawn and outstanding under the Revolving Facility, with an additional $68 million and $87 million, respectively, available to us, subject to compliance with customary affirmative and negative covenants, including the maintenance of a minimum shareholders' equity, the maintenance of ratios of not less than 300% of total assets (less total liabilities other than indebtedness) to total indebtedness and not less than 200% of total assets (less total liabilities other than indebtedness) to the sum of total preferred equity and indebtedness, and restrictions on certain

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payments and issuance of debt. Economic conditions, like those that began in 2007 and continued through 2011, may result in a decrease in the value of our investments, which would affect both the asset coverage ratios and the value of the collateral securing the Revolving Facility, and may therefore impact our ability to borrow under the Revolving Facility. See "Risks Risks Related to our Business In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment under the Revolving Facility or require redemption of the Preferred Interests, thereby materially and adversely affecting our liquidity, financial condition and results of operations." At September 30, 2012, we were in compliance with all financial and operational covenants required by the Revolving Facility.

Economic conditions, like those that began in 2007 and continued through 2011, while creating attractive opportunities for us, may decrease liquidity and raise the cost of capital generally, which could limit our ability to renew, extend or replace the Leverage Program on terms as favorable as are currently included therein. If we are unable to renew, extend or replace the Leverage Program upon its maturity, we expect to have sufficient funds to repay the outstanding balance in full from our net investment income and sales of, and repayments of principal from, our portfolio company investments, as well as from anticipated debt and equity capital raises, among other sources. Economic conditions, like those that began in 2007 and continued through 2011, may limit our ability to raise capital or the ability of the companies in which we invest to repay our loans or engage in a liquidity event, such as a sale, recapitalization or initial public offering. See "Risks Risks Related to our Business The Revolving Facility matures in July 2014 and the Preferred Interests will be subject to mandatory redemption in July 2016. Any inability to renew, extend or replace the Revolving Facility or replace the Preferred Interests could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders."

Challenges in the market are intensified for us by certain regulatory limitations under the Code and the 1940 Act. To maintain our qualification as a RIC, we must satisfy, among other requirements, an annual distribution requirement to pay out at least 90% of our ordinary income and short-term capital gains to our stockholders. Because we are required to distribute our income in this manner, and because the illiquidity of many of our investments may make it difficult for us to finance new investments through the sale of current investments, our ability to make new investments is highly dependent upon external financing. While we anticipate being able to continue to satisfy all covenants and repay the outstanding balance under the Leverage Program when due, there can be no assurance that we will be able to do so, which could lead to an event of default. See "Risks Risks related to our Business In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment under the Revolving Facility or require redemption of the Preferred Interests, thereby materially and adversely affecting our liquidity, financial condition and results of operations."

Contractual obligations

Our Revolving Facility is a senior secured revolving credit facility with certain lenders pursuant to which amounts may be drawn up to $116 million. The Revolving Facility matures on July 31, 2014, and may be extended at our option for one 12-month period. At September 30, 2012 and December 31, 2011, $48 million and $29 million, respectively, in advances were outstanding under the Revolving Facility, all of which were short-term draws of less than one year.

We have also entered into several contracts under which we have future commitments. Pursuant to an investment management agreement, the Advisor manages our day-to-day operations and provides investment advisory services to us. Payments under the investment management agreement is equal to a percentage of the value of our gross assets (excluding cash and cash equivalents) and an incentive compensation, plus reimbursement of certain expenses incurred by the Advisor. Under our administration agreement, the Administrator provides us with administrative services, facilities and

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personnel. Payments under the administration agreement are equal to an allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us, and may include rent and our allocable portion of the cost of certain of our officers and their respective staffs. We are responsible for reimbursing the Advisor for due diligence and negotiation expenses, fees and expenses of custodians, administrators, transfer and distribution agents, counsel and directors, insurance, filings and registrations, proxy expenses, expenses of communications to investors, compliance expenses, interest, taxes, portfolio transaction expenses, costs of responding to regulatory inquiries and reporting to regulatory authorities, costs and expenses of preparing and maintaining our books and records, indemnification, litigation and other extraordinary expenses and such other expenses as are approved by the directors as being reasonably related to the organization, offering, capitalization, operation or administration of the Funds and any portfolio investments, as applicable. The Advisor is not responsible for any of the foregoing expenses and such services are not investment advisory services under the 1940 Act. Either party may terminate each of the investment management agreement and administration agreement without penalty upon not less than 60 days' written notice to the other.

Distributions

Our quarterly distributions, if any, are determined under guidelines established by our board of directors. Distributions are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We do not have a policy to pay distributions at a specific level and expect to continue to distribute substantially all of our taxable income. Distributions declared by the Company since July 2006 (inception of operations) to the date of the Conversion are set out in the table below. Changes in investment focus, expense levels and other factors may have an effect on the amount of distributions we pay in the future. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

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The distribution amounts per share outstanding for distributions prior to the Conversion on April 3, 2012, are calculated based on the 418,955.777 shares outstanding, which were initially issued at $1,000 per share. Distribution amounts per share outstanding for distributions subsequent to the Conversion are calculated based on 21,475,635 shares outstanding after the Conversion and the initial public offering on April 4, 2012.

Distribution Amount Per Share Outstanding Prior to the Conversion	Distribution Amount Per Share Outstanding After the Conversion	Record Date	Pay Date
$ 11.08		9/30/2006	11/1/2006
34.37		12/31/2006	1/26/2007
26.76		3/31/2007	4/2/2007
74.16		6/30/2007	7/2/2007
21.51		9/30/2007	10/9/2007
71.05*		12/31/2007	12/28/2007
9.55		6/30/2008	7/9/2008
9.55		10/1/2008	10/8/2008
9.55		7/1/2009	7/8/2009
11.93		9/14/2009	10/1/2009
8.35		12/22/2009	1/5/2010
6.44		12/30/2009	1/29/2010
7.16		3/26/2010	4/15/2010
16.71		6/21/2010	7/1/2010
19.10		9/20/2010	10/4/2010
31.03		12/27/2010	1/6/2011
15.99		12/27/2010	1/31/2011
17.90		3/23/2011	4/7/2011
19.10		6/20/2011	6/30/2011
19.10		9/21/2011	9/30/2011
19.10		12/21/2011	12/30/2011
12.89		3/16/2012	4/3/2012
	0.34	6/15/2012	6/29/2012
	0.35	9/14/2012	9/28/2012
	0.40**	12/17/2012	12/31/2012

*
$5.72 of the $71.05 per share distribution was a return of capital.

**
Includes a special dividend of $0.05 per share.

Tax characteristics of all dividends are reported to stockholders on Form 1099-DIV or Form 1042-S after the end of the calendar year.

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

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98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and

certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

We may, at our discretion, carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We have adopted an "opt in" dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend or other distribution payable in cash, each stockholder that has not "opted in" to our dividend reinvestment plan will receive such dividends in cash, rather than having their dividends automatically reinvested in additional shares of our common stock.

We may not be able to achieve operating results that will allow us to make dividends and distributions at a specific level or to increase the amount of these dividends and distributions from time to time. Also, we may be limited in our ability to make dividends and distributions due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as PIK interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to an excise tax.

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion can be as low as 10% for dividends paid on or before December 31, 2012 with respect to any taxable year ending on or before December 31, 2011) and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes.

Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

Each of the Holding Company and the Operating Company have entered into an investment management agreement with the Advisor.

The Administrator provides us with administrative services necessary to conduct our day-to-day operations. For providing these services, facilities and personnel, the Administrator may be reimbursed by us for expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our officers and the Administrator's administrative staff and providing, at our

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request and on our behalf, significant managerial assistance to our portfolio companies to which we are required to provide such assistance.

We have entered into a royalty-free license agreement with TCP, pursuant to which TCP has agreed to grant us a non-exclusive, royalty-free license to use the name "TCP."

Pursuant to its limited partnership agreement, the general partner of the Operating Company is SVOF/MM, LLC. SVOF/MM, LLC is an affiliate of the Advisor and the general partners or managing member of certain other funds managed by the Advisor.

The Advisor and its affiliates, employees and associates currently do and in the future may manage other funds and accounts. The Advisor and its affiliates may determine that an investment is appropriate for us and for one or more of those other funds or accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and those accounts. In general, the Advisor will allocate investment opportunities pro rata among us and the other funds and accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available. The allocation of certain investment opportunities in private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to us and described above. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more other funds or accounts desire to sell it or we may not have additional capital to invest at a time the other funds or accounts do. See "Risks Risks related to our business If TCP is unable to manage our investments effectively, we may be unable to achieve our investment objective. In addition, TCP may face conflicts in allocating investment opportunities between us and certain other entities that could impact our investment returns" and "Risks Risks related to our operations as a BDC While our ability to enter into transactions with our affiliates will be restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, we may face conflict of interests and investments made pursuant to the exemptive order conditions could in certain circumstances affect adversely the price paid or received by us or the availability or size of the position purchased or sold by us."

Recent Developments

From October 1, 2012 through December 4, 2012, the Company has invested approximately $67.7 million in eight loans and one senior secured note with a weighted average effective yield of approximately 11.1%.

On November 7, 2012, the Company's board of directors declared a fourth quarter cash dividend of $0.35 per share and a special dividend of $0.05 per share payable on December 31, 2012 to stockholders of record as of the close of business on December 17, 2012.

On November 7, 2012, the Board of Directors of the Company voted to add an additional independent director, Peter E. Schwab, to the Board of Directors effective as of November 7, 2012.

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QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. At Septmember 30, 2012, 55% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate. The interest rates on such investments generally reset by reference to the current market index after one to six months. At September 30, 2012, the percentage of our floating rate debt investments that bore interest based on an interest rate floor was 93%. Floating rate investments subject to a floor generally reset by reference to the current market index after one to six months only if the index exceeds the floor.

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Based on our September 30, 2012 balance sheet, the following table shows the annual impact on net income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

Basis Point Change	Impact on Interest Income	Impact on Interest Expense	Impact on Net Income[1]
Up 300 basis points	$ 4,879,752	$ (5,460,000)	$ (580,248)
Up 200 basis points	$ 2,423,185	$ (3,640,000)	$ (1,216,815)
Up 100 basis points	$ 321,395	$ (1,820,000)	$ (1,498,605)
Down 100 basis points	$ (69,134)	$ 680,680	$ 611,546
Down 200 basis points	$ (69,134)	$ 680,680	$ 611,546
Down 300 basis points	$ (69,134)	$ 680,680	$ 611,546

(1) Impact on Net Income equals impact on Interest Income less impact on Interest Expense.

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INVESTMENT PORTFOLIO

The following is a listing of each portfolio company investment, together referred to as our investment portfolio, at Septmember 30, 2012. Percentages shown for class of securities held by us represent percentage of the class owned and do not necessarily represent voting ownership or economic ownership. Percentages shown for equity securities other than warrants or options represent the actual percentage of the class of security held before dilution. Percentages shown for warrants and options held represent the percentage of class of security we may own on a fully diluted basis assuming we exercise our warrants or options.

On September 30, 2012, our board of directors valued our investment portfolio at fair value as determined in good faith using a consistently applied valuation process in accordance with a documented valuation policy that has been reviewed and approved by our board of directors. For more information relating to our investments, see our schedules of investments included in our financial statements appearing elsewhere in this prospectus.

Investment	Company Address	Principal Amount	Fair Value (in U.S. $)	Percent of Class
Debt Investments				
Bank Debt[1]				
Accounting, Tax Preparation, Bookkeeping, and Payroll Services				
Expert Global Solutions, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 6.75%, 1.25% LIBOR Floor, due 4/2/18	507 Prudential Road, Horsham, PA 19044	$ 4,925,250	4,960,663	
Expert Global Solutions, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 9.5%, 1.5% LIBOR Floor, due 10/2/18	507 Prudential Road, Horsham, PA 19044	$ 15,000,000	15,082,500	
Total Accounting, Tax Preparation, Bookkeeping, and Payroll Services			20,043,163	
Business Support Services				
STG-Fairway Acquisitions, Inc., Senior Secured 2nd Lien Term Loan, 12.5%, due 12/29/15	100 Carillon Parkway St. Petersburg, FL 33716	$ 19,482,955	18,703,637	
Clothing Stores				
Kenneth Cole Productions, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 10.60%, 1% LIBOR Floor, due 9/25/17	603 West 50th Street, New York, New York 10019	$ 10,000,000	9,706,000	
Computer Equipment Manufacturing				
ELO Touch Solutions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 10.5%, 1.5% LIBOR Floor, due 12/4/18	301 Constitution Drive Menlo Park, CA 94025	$ 10,000,000	9,650,000	
Commercial and Industrial Machinery and Equipment Rental and Leasing				
Sky Funding AMR Lease Portfolio, Senior Subordinated 1st Lien Term Loan, 10%, due 9/6/16 (Ireland)[3]	65, Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg	$ 17,000,000	17,365,500	
Data Processing, Hosting, and Related Services				
The Telx Group, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6.5%,1.25% LIBOR Floor, due 9/22/17	1 State Street, 21st Floor, New York, New York 10004	$ 7,425,032	7,480,720	

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Investment	Company Address		Principal Amount	Fair Value (in U.S. $)	Percent of Class
Electric Power Generation, Transmission and Distribution					
Panda Sherman Power, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7.5%, 1.5% LIBOR Floor, due 9/14/18	4100 Spring Valley Road, Suite 1001, Dallas, Texas 75244	$	11,070,172	11,125,523	
Electronic Shopping and Mail-Order Houses					
Shopzilla, Inc., Senior Secured 2nd Lien Term Loan, 13%, due 6/1/14	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	$	12,603,150	12,703,975	
Full-Service Restaurants					
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18[(2)]	5660 Katella Avenue, Suite 100, Cypress, CA 90630	$	5,061,923	5,061,923	
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/19/16[(2)]	5660 Katella Avenue, Suite 100, Cypress, CA 90630	$	3,753,949	3,753,949	
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/19/16[(2)]	5660 Katella Avenue, Suite 100, Cypress, CA 90630	$	6,140,590	6,140,590	
Total Full-Service Restaurants				14,956,462	
Gambling Industries					
Golden Gaming, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7% Cash + 1% PIK, 2% LIBOR Floor, due 4/15/16	8650 W Tropicana Ave, Las Vegas, NV 89147	$	15,975,148	15,655,645	
AGS LLC, 1st Lien Term Loan, LIBOR + 10%, 1.5% LIBOR Floor, due 8/15/16	3333 New Hyde Park Road New Hyde Park, NY 11042	$	13,269,231	13,395,288	
AGS LLC, DDTL 1st Lien Term Loan, LIBOR + 10%, 1.5% LIBOR Floor, due 8/15/16	3333 New Hyde Park Road New Hyde Park, NY 11042	$		16,442	
Total Gambling Industries				29,067,375	
Grocery Stores					
Bashas, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 9.35%, 1.5% LIBOR Floor, due 12/28/15	22402 S. Basha Road, Chandler, AZ 85248	$	13,881,440	14,228,476	
Iron and Steel Mills and Ferroalloy Manufacturing					
Essar Steel Algoma, Inc., Senior Secured Term Loan, LIBOR + 7.5%, 1.25% LIBOR Floor, due 9/20/14	105 West Street, Sault Ste. Marie, Ontario, Canada	$	6,343,967	6,407,406	
Motion Picture and Video Industries					
CORE Entertainment, Inc., Senior Secured 1st Lien Term Loan, 9%, due 6/21/17	650 Madison Avenue, New York, New York 10022	$	9,462,231	8,031,069	
CORE Entertainment, Inc., Senior Secured 2nd Lien Term Loan, 13.5%, due 6/21/18	650 Madison Avenue, New York, New York 10022	$	7,569,785	6,964,202	
Total Motion Picture and Video Industries				14,995,271	
Motor Vehicle Parts Manufacturing					
Diversified Machine, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.75%, 1.5% LIBOR Floor, due 12/1/16	28059 Center Oaks Court, Wixom, MI 48393	$	13,059,693	12,836,568	

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Investment	Company Address		Principal Amount	Fair Value (in U.S. $)	Percent of Class
Other Telecommunications					
Gogo, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 9.75%, 1.5% LIBOR Floor, due 6/21/17	1250 North Arlington Heights Road Itasca, IL 60143	$	10,233,124	10,284,290	
Other Professional, Scientific, and Technical Services					
Connolly, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 9.25%, 1.25% LIBOR Floor, due 7/26/19	950 East Paces Ferry Road, Suite 2850, Atlanta, GA 30326	$	12,000,000	12,180,000	
Other Financial Investment Activities					
Marsico Capital Management, Senior Secured 1st Lien Term Loan, LIBOR + 5%, due 12/31/22[7]	1200 17th Street, Suite 1600, Denver, CO 80202	$	11,322,975	7,529,778	
Promoters of Performing Arts, Sports, and Similar Events					
Stadium Management Group, Senior Secured 2nd Lien Term Loan, LIBOR + 9.50%, 1.25% LIBOR Floor, due 12/7/18	300 Conshohocken State Rd Suite 770, West Conshohocken, PA 19428	$	11,000,000	11,110,000	
Radio and Television Broadcasting					
Encompass Digital Media, Inc., 1st Lien Term Loan, LIBOR + 6.5%, 1.5% LIBOR Floor, due 8/10/17	3030 Andrita Street, Los Angeles, CA 90065	$	7,960,000	7,999,800	
Granite Broadcasting Corporation, Senior Secured 1st Lien Term Loan B, LIBOR + 7.25%, 1.25% LIBOR Floor, due 5/23/18	767 Third Avenue 34th Floor New York, NY 10017	$	9,975,000	10,024,875	
SiTV, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6% Cash + 4% PIK,2% LIBOR Floor, due 8/3/16	3415 University Avenue, St. Paul, MN 55114	$	6,762,014	6,542,249	
Total Radio and Television Broadcasting				24,566,924	
Scheduled Air Transportation					
Delta Air Lines, Inc., Aircraft Secured Mortgage (N913DL), 8%, due 7/15/18[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	384,988	384,411	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N918DL), 8%, due 7/15/18[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	472,928	467,726	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N954DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	611,944	601,847	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N955DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	627,137	614,908	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N956DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	627,690	616,078	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N957DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	632,622	620,286	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N959DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	637,515	624,765	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N960DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	657,412	642,949	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N961DL), 8%, due 9/20/19[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	653,219	639,502	
Delta Air Lines, Inc., Aircraft Secured Mortgage (N976DL), 8%, due 7/15/18[2],[7]	1030 Delta Boulevard Atlanta, GA 30320	$	492,946	489,495	

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Investment	Company Address		Principal Amount	Fair Value (in U.S. $)	Percent of Class
United Air Lines, Inc., Aircraft Secured Mortgage (N510UA), 20%, due 9/26/16[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	428,395	565,053	
United Air Lines, Inc., Aircraft Secured Mortgage (N512UA), 20%, due 10/26/16[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	431,942	572,323	
United Air Lines, Inc., Aircraft Secured Mortgage (N536UA), 16%, due 8/21/14[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	284,300	316,995	
United Air Lines, Inc., Aircraft Secured Mortgage (N545UA), 16%, due 7/17/15[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	406,922	474,878	
United Air Lines, Inc., Aircraft Secured Mortgage (N585UA), 20%, due 10/25/16[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	507,165	672,500	
United Air Lines, Inc., Aircraft Secured Mortgage (N659UA), 12%, due 3/28/16[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	3,939,156	4,415,794	
United Air Lines, Inc., Aircraft Secured Mortgage (N661UA), 12%, due 5/4/16[(2)]	77 West Wacker Drive, Chicago, IL 60601	$	4,074,011	4,624,003	
Total Scheduled Air Transportation				17,343,513	
Software Publishers					
Blackboard, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6%, 1.5% LIBOR Floor, due 10/4/18	650 Massachusetts Avenue N.W., 6th Floor, Washington, DC 20001	$	13,547,625	13,691,569	
Blackboard, Inc., Senior Secured Incremental 1st Lien Term Loan, LIBOR + 6%, 1.5% LIBOR Floor, due 10/4/18	650 Massachusetts Avenue N.W., 6th Floor, Washington, DC 20001	$	995,000	1,005,572	
Plato, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.75%, 1.5% LIBOR Floor, due 5/8/19	5600 W 83rd Street, Suite 300, Bloomington, Minnesota, 55437	$	15,000,000	14,700,000	
The TriZetto Group, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25%, 1.25% LIBOR Floor, due 3/28/19	6061 South Willow Drive, Suite 310, Denver, CO 80111	$	5,000,000	4,968,750	
Total Software Publishers				34,365,891	
Support Activities for Mining					
Trico Shipping AS, 1st Lien Term Loan A, LIBOR + 8.5%, 1.5% LIBOR Floor, due 5/13/14 (Norway)	1001 Woodloch Forest Drive, Suite 610 The Woodlands, TX 77380	$	228,803	228,803	
Trico Shipping AS, 1st Lien Term Loan B, LIBOR + 8.5%, 1.5% LIBOR Floor, due 5/13/14 (Norway)	1001 Woodloch Forest Drive, Suite 610 The Woodlands, TX 77380	$	80,543	80,543	
Total Support Activities for Mining				309,346	
Wired Telecommunications Carriers					
Bulgaria Telecom Company AD, 1st Lien Tranche B Term Loan, EURIBOR + 2.75%, due 8/9/15 (Bulgaria)[(4),(7)]	115 I, Tsarigradsko Chaussee Blvd. Sofia, 1784, Bulgaria	€	2,084,507	1,608,406	
Integra Telecom Holdings, Inc., 1st Lien Term Loan, LIBOR + 7.25%, 2% LIBOR Floor, due 4/15/15	1201 NE Lloyd Blvd., Suite 500, Portland, OR 97232	$	8,499,226	8,488,602	
NEF Telecom Company BV, 1st Lien Tranche C Term Loan, EURIBOR + 3.5%, due 8/9/16 (Netherlands)[(4), (7)]	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands	€	4,927,730	3,802,236	
		€	4,736,002	700,407	

NEF Telecom Company BV, 2nd Lien Tranche D Term Loan, EURIBOR + 5.5%, due 2/16/17	Netherlands[3],[4], [7]	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands	
Total Wired Telecommunications Carrier			14,599,651

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Investment	Company Address		Principal Amount	Fair Value (in U.S. $)	Percent of Class
Wireless Telecommunications Carriers					
Globalive Wireless Management Corp., Senior Secured 1st Lien Term Loan, EURIBOR + 8.9%, due 10/9/12 (Canada)[3]	48 Yonge Street, Suite 1200 Toronto, ON M5E1G6 Canada	$	3,037,292	2,999,326	
Total Bank Debt (Cost $338,120,269)				**334,558,795**	
Other Corporate Debt Securities					
Architectural, Engineering, and Related Services					
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19[2],[5]	7 Kripes Rd., East Granby, CT 06026	$	6,862,883	6,845,726	
Data Processing, Hosting, and Related Services					
The Telx Group, Inc., Senior Unsecured Notes, 10% Cash + 2% PIK, due 9/26/19[5]	1 State Street, 21st Floor, New York, New York 10004	$	7,653,244	7,882,841	
Gambling Industries					
Harrah's Operating Company, Inc., 2nd Priority Secured Notes, 10%, due 12/15/18	One Caesars Palace Drive, Las Vegas, NV 89109	$	3,169,000	2,101,313	
Metal and Mineral (except Petroleum) Merchant Wholesalers					
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16[5]	13 West 54th Street Suite 4D, New York, NY, 10019-5422	$	12,500,000	13,187,426	
Edgen Murray Corporation, Senior Secured Notes, 12.25%, due 1/15/15	18444 Highland Road, Baton Rouge, LA 70809	$	13,076,000	14,056,700	
Total Metal and Mineral (except Petroleum) Merchant Wholesalers				27,244,126	
Nonferrous Metal (except Aluminum) Production and Processing					
International Wire Group Holdings, Inc., Senior Notes, 11.5% Cash or 12.25% PIK, due 4/15/15[2],[5]	12 Masonic Avenue, Camden, NY 13316	$	18,000,000	18,990,000	
International Wire Group Holdings, Inc., Senior Secured Notes, 8.5%, due 10/15/17[2],[5]	12 Masonic Avenue, Camden, NY 13316	$	15,000,000	15,056,250	
Total Nonferrous Metal (except Aluminum) Production and Processing				34,046,250	
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing					
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/14	2556 Wagener Road, Aiken, SC 29801	$	18,536,000	9,036,300	
Scientific Research and Development Services					
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17[5]	297 Kingsbury Grade Suite 10, Lake Tahoe, NV 89449 88	$	15,938,000	15,101,255	

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Investment	Company Address	Principal Amount or Shares	Fair Value (in U.S. $)	Percent of Class
Wired Telecommunications Carriers				
NEF Telecom Company BV, Mezzanine Term Loan, EURIBOR + 4.5% Cash + 7.5% PIK, due 8/16/17 (Netherlands)[3],[4], [5]	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands	€ 20,523,306	395,895	
Total Other Corporate Debt Securities (Cost $130,334,510)			102,653,706	
Total Debt Investments (Cost $468,454,779)			437,212,501	
Equity Securities				
Architectural, Engineering, and Related Services				
ESP Holdings, Inc., 15% PIK, Preferred Stock[2],[3],[5]	7 Kripes Rd., East Granby, CT 06026	20,297	3,567,072	22.20%
ESP Holdings, Inc., Common Stock[2],[3],[5]	7 Kripes Rd., East Granby, CT 06026	88,670	5,412,885	21.89%
Total Architectural, Engineering, and Related Services			8,979,957	
Business Support Services				
STG-Fairway Holdings, LLC, Class A Units[3],[5]	100 Carillon Parkway, St. Petersburg, FL 33716	80,396	234,756	0.86%
Data Processing, Hosting, and Related Services				
Anacomp, Inc., Class A Common Stock[3],[5],[6]	15378 Avenue of Science, San Diego, CA 92128	1,255,527	1,230,416	33.99%
Depository Credit Intermediation				
Doral Financial Corporation, Common Stock[3]	1451 Franklin D. Roosevelt Ave., San Juan, PR 00920	1,077,795	1,013,882	0.85%
Electric Power Generation, Transmission and Distribution				
La Paloma Generating Company, Residual Bank Debt Claim[3],[5]	Park 80 West, 250 Pehle Avenue, Suite 105, Saddle Brook, NJ 07663	1,830,453	51,253	0.00%
Electronic Shopping and Mail-Order Houses				
Shop Holding, LLC, Class A Units[3],[5]	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	490,037	998,986	0.60%
Shop Holding, LLC, Warrants to Purchase Class A Units[3],[5]	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	326,691	339,338	0.60%
Total Electronic Shopping and Mail-Order Houses			1,338,324	
Full-Service Restaurants				
RM Holdco, LLC, Membership Units[2],[3],[5]	5660 Katella Avenue, Suite 100, Cypress, CA 90630	13,161,000	2,010,777	10.12%
Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing				
Precision Holdings, LLC, Class C Membership Interests[3],[5]	90 Matawan Road, Suite 203, Matawan, NJ 07747	33	18,656	0.04%

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Investment	Company Address	Shares	Fair Value (in U.S. $)	Percent of Class
Nonferrous Metal (except Aluminum) Production and Processing				
International Wire Group Holdings, Inc., Common Stock[2],[5]	12 Masonic Avenue, Camden, NY 13316	1,000,000	15,250,000	20.95%
Nonmetallic Mineral Mining and Quarrying				
EPMC HoldCo, LLC, Membership Units[2],[5]	5850 Mercury Drive, Suite 250, Dearborn, MI 48126	1,312,720	3,898,778	13.13%
Other Amusement and Recreation Industries				
Bally Total Fitness Holding Corporation, Common Stock[3],[5]	8700 West Bryn Mawr Ave., Chicago, IL 60631	6,058	28,291	0.00%
Bally Total Fitness Holding Corporation, Warrants[3],[5]	8700 West Bryn Mawr Ave., Chicago, IL 60631	10,924	1	0.00%
Total Other Amusement and Recreation Industries			28,292	
Other Financial Investment Activities				
Marsico Holdings, LLC, Common Interest Units[3],[5],[7]	1200 17th Street, Suite 1600, Denver, CO 80202	168,698	126,523	0.78%
Radio and Television Broadcasting				
SiTV, Inc., Warrants to Purchase Common Stock[3],[5],	3415 University Avenue, St. Paul, MN 55114	233,470	305,846	0.00%
Scheduled Air Transportation				
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N913DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	404	112,880	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N918DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	387	121,890	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N954DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	381	124,270	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N955DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	379	172,040	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N956DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	379	174,420	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N957DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	379	174,930	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N959DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	378	175,610	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N960DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	377	180,200	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N961DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	378	181,730	100.00%
Delta Air Lines, Inc., Equipment Trust Beneficial Interests (N976DL)[5],[6],[7]	1030 Delta Boulevard Atlanta, GA 30320	392	100,130	100.00%
United Air Lines, Inc., Equipment Trust Beneficial Interests (N510UA)[2],[5]	77 West Wacker Drive Chicago, IL 60601	41	484,716	100.00%
United Air Lines, Inc., Equipment Trust Beneficial Interests (N512UA)[2],[5]	77 West Wacker Drive, Chicago, IL 60601	41	479,081	100.00%
United Air Lines, Inc., Equipment Trust Beneficial Interests (N536UA)[2],[5]	77 West Wacker Drive, Chicago, IL 60601	58	632,442	100.00%

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Investment	Company Address	Principal Amount or Shares	Fair Value (in U.S. $)	Percent of Class
United Air Lines, Inc., Equipment Trust Beneficial Interests (N545UA)[2],[5]	77 West Wacker Drive, Chicago, IL 60601	49	629,778	100.00%
United Air Lines, Inc., Equipment Trust Beneficial Interests (N585UA)[2],[5]	77 West Wacker Drive, Chicago, IL 60601	41	591,275	100.00%
United N659UA-767, LLC (N659UA)[5],[6]	77 West Wacker Drive, Chicago, IL 60601	289	2,859,376	100.00%
United N661UA-767, LLC (N661UA)[5],[6]	77 West Wacker Drive, Chicago, IL 60601	281	2,848,665	100.00%
Total Scheduled Air Transportation			10,043,433	
Semiconductor and Other Electronic Component Manufacturing				
AIP/IS Holdings, LLC, Membership Units[3],[5]	9660 SW Herman Road, Tualatin, OR 97062	352	68,922	3.40%
Support Activities for Mining				
DeepOcean Group Holding AS, Common Stock (Norway)[3],[5],[7]	Stoltenberggt. 1, Postboks 2144, Postterminalen, 5504, Haugesund, Norway	145,824	3,273,233	0.73%
Wired Telecommunications Carriers				
Integra Telecom, Inc., Common Stock[3],[5]	1201 NE Lloyd Blvd., Suite 500, Portland, OR 97232	1,274,522	5,036,969	1.27%
Integra Telecom, Inc., Warrants[3],[5]	1201 NE Lloyd Blvd., Suite 500, Portland, OR 97232	346,939		1.20%
NEF Kamchia Co-Investment Fund, LP Interest (Cayman Islands)[3],[4],[5],[7]	599 Lexington Avenue, 24th Floor, New York, NY 10022	2,455,500		0.51%
Total Wired Telecommunications Carriers			5,036,969	
Total Equity Securities (Cost $129,618,267)			52,910,017	
Total Investments (Cost $598,073,046)			490,122,518	
Cash and Cash Equivalents				
Wells Fargo & Company, Overnight Repurchase Agreement, 0.09%, Collateralized by Freddie Mac Note		$ 3,202,444	3,202,444	
Union Bank of California, Commercial paper, 0.08%, due 10/1/2012		$ 5,000,000	5,000,000	
Cash Denominated in Foreign Currencies		€ 1,785,358	2,295,971	
Cash Denominated in Foreign Currencies		£ 35,597	57,550	
Cash Held on Account at Various Institutions		$ 958,170	958,170	
Total Cash and Cash Equivalents			11,514,135	
Total Cash and Investments			$ 501,636,653	

Notes to Statement of Investments:

(1) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or

borrower.

(2)

Non-controlled affiliate as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer).

(3)

Non-income producing security.

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(4) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars.

(5) Restricted security.

(6) Controlled issuer as defined under the Investment Company Act of 1940 (ownership of more than 25% of the outstanding voting securities of this issuer).

(7) Investments that the Company has determined are not "qualifying assets" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act are subject to change. The Company monitors the status of these assets on an ongoing basis.

Aggregate acquisition and aggregate dispositions of investments, other than government securities, totaled $245,594,683 and $129,105,922, respectively for the nine months ended September 30, 2012. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal repayments on debt investments. The total value of restricted securities and bank debt as of September 30, 2012 was $463,914,323, or 92.48% of total cash and investments of the Company.

Swaps at September 30, 2012 were as follows:

Investment	Notional Amount	Fair Value
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 5/16/14	$ 6,040,944	$ 321,330

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MANAGEMENT OF THE COMPANY

General

Our board of directors (who, with its officers, are described in the SAI) has overall responsibility for the management of the Company. The board of directors decides upon matters of general policy and reviews the actions of the Advisor. The Holding Company and the Operating Company have entered into separate but substantially identical investment management agreements with the Advisor, under which the Advisor, subject to the overall supervision of our respective boards of directors, manages the day-to-day operations and provides investment advisory services to the Holding Company and the Operating Company. In addition, pursuant to the Amended and Restated Limited Partnership Agreement, the General Partner directs and executes the day-to-day operational activities of the Operating Company. For providing these services, the Advisor receives a base management fee and, in addition, the Advisor or the General Partner may receive incentive compensation, as further described below under " Investment Management Agreements."

The Advisor

TCP serves as our investment advisor. TCP is registered as an investment advisor under the Investment Advisers Act of 1940. Subject to the overall supervision of our board of directors, TCP manages the day-to-day operations of, and provides investment advisory and management services to, the Company. The address of TCP is 2951 28th Street, Suite 1000, Santa Monica, CA 90405.

Certain employees and affiliates of TCP, including the voting members of the Investment Committee, as well as members of the TCP Board of Advisors, own an economic interest in the General Partner and receive from the General Partner distributions that equal approximately the amount of any incentive compensation attributable to any common stock owned by such persons. Under the terms of the Amended and Restated Limited Partnership Agreement, distributions of incentive compensation to the General Partner are made prior to any distributions made to holders of our common stock.

Investment Committee

The persons with the most significant responsibility for the day-to-day management of the Company's portfolio are the Voting Members of the Investment Committee. The Voting Members of the Investment Committee are Todd R. Gerch, Mark K. Holdsworth, Michael E. Leitner, Howard M. Levkowitz, Michael E. Tennenbaum and Rajneesh Vig. Each of the Voting Members are members of the Investment Committee. Additionally, David A. Hollander and approximately 25 others are non-voting members of the Investment Committee. The number of Voting Members and non-voting members of the Investment Committee is subject to increase or decrease in the sole discretion of TCP.

Voting Members

Todd R. Gerch: Mr. Gerch is Chief Operating Officer of the Company. Mr. Gerch has been a Managing Director at TCP since 2009 and an investment professional at TCP since 2004. Mr. Gerch has been a director for Gateway Casinos & Entertainment Limited since 2010. Mr. Gerch has also been the Chairman of Revere Industries, LLC since 2009. Prior to joining TCP, Mr. Gerch worked in the Capital Markets Group of Ares Management where he focused on investments in the gaming/lodging/leisure, aerospace and defense, and automotive industries. He also worked as a generalist in investment banking at Credit Suisse First Boston where he was involved in mergers and acquisitions advisory, restructurings, and equity and debt financings across various industries. Mr. Gerch has an M.B.A. from the Wharton School of the University of Pennsylvania and a B.B.A. (high honors) from the University of Notre Dame in Finance and Business Economics.

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Mark K. Holdsworth: Prior to joining Mr. Tennenbaum in founding TCP, Mr. Holdsworth was a Vice President, Corporate Finance, of US Bancorp Libra, a high yield debt securities investment banking firm. He also worked as a generalist in corporate finance at Salomon Brothers, Inc., and as an Associate at a real estate advisory firm. Mr. Holdsworth currently serves as Chief Executive Officer of certain other TCP-advised funds, Chairman of WinCup, Inc., Vice Chairman of EP Management Corporation and as a Director of Parsons Corporation, one of the largest engineering, design and construction companies in the world. He received a B.A. in Physics from Pomona College, a B.S. with honors in Engineering and Applied Science (concentration in Mechanical Engineering) from the California Institute of Technology, and an M.B.A. from Harvard Business School.

Michael E. Leitner: Prior to joining TCP in 2005, Mr. Leitner served as Senior Vice President of Corporate Development for WilTel Communications. Prior to that, he served as President and Chief Executive Officer of GlobeNet Communications, leading the company through a successful turnaround and sale. Prior to that, he was Vice President of Corporate Development of 360networks. Prior to that, he served as Senior Director of Corporate Development for Microsoft Corporation, where he managed corporate investments and acquisitions in the telecommunications, media, managed services, and business applications software sectors, completing over $9 billion in software and communications infrastructure transactions globally. Prior to Microsoft, he was a Vice President in the M&A group at Merrill Lynch. He currently serves as a representative for Tennenbaum on the boards of Integra Telecom and Online Resources, and is a board observer to Primacom GmbH. Mr. Leitner is very active in community events, serving on several non-profit boards and committees. He received a B.A. in Economics from the University of California, Los Angeles and an M.B.A. from the University of Michigan

Howard M. Levkowitz: Prior to joining Mr. Tennenbaum in founding TCP, Mr. Levkowitz was an attorney specializing in real estate and insolvencies with Dewey Ballantine LLP. Mr. Levkowitz serves as President of TCP's Opportunity Funds and is Chairman of TCP's Management Committee. He has served as a director of both public and private companies. He has also served on a number of formal and informal creditor committees. Mr. Levkowitz serves as Chairman and Chief Executive Officer of the Company. He received a B.A. in History (Magna Cum Laude) from the University of Pennsylvania, a B.S. in Economics (Magna Cum Laude, concentration in Finance) from The Wharton School, and a J.D. from the University of Southern California.

Michael E. Tennenbaum: Prior to founding TCP, Mr. Tennenbaum was a senior executive at Bear Stearns Company Inc., where he managed various departments, including Investment Banking, Risk Arbitrage and Options. Mr. Tennenbaum serves on the boards of a number of both public and private companies and charitable institutions, including the Boys & Girls Clubs of America, the Los Angeles World Affairs Council, the Los Angeles Philharmonic Board of Overseers, the UCLA School of Medicine Board of Visitors, the Tennenbaum Interdisciplinary Center at the Neuropsychiatric Institute at UCLA, the Committee on University Resources (COUR) at Harvard University, the Georgia Institute of Technology Foundation, Inc., and the Tennenbaum Institute for Enterprise Transformation at the Georgia Tech School of Industrial and Systems Engineering. He holds a B.S. in Industrial Engineering from Georgia Institute of Technology and an M.B.A. from Harvard Business School.

Rajneesh Vig: Prior to joining TCP, Mr. Vig worked for Deutsche Bank in New York as a member of the bank's Principal Finance Group. Prior to that, Mr. Vig was a Director in the Technology Investment Banking group in San Francisco where he advised a broad range of growth and large cap technology companies on merger, acquisition and public/private financing transactions. Prior to his time at Deutsche Bank, Mr. Vig was a Manager in Price Waterhouse's Shareholder Value Consulting group, and he began his career in Arthur Andersen's Financial Markets/Capital Markets group. He currently serves on the board of Dialogic and is a board observer for GSI Group. Mr. Vig is also on the Los Angeles Advisory Board of the Posse Foundation, a non-profit organization that identifies, recruits and trains student leaders from public high schools for enrollment at top-tier universities. He received a

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B.A. with highest honors in Economics and Political Science from Connecticut College and an M.B.A. in Finance from New York University.

Certain Non-Voting Members

David A. Hollander: Prior to joining TCP, Mr. Hollander was an attorney for 16 years at O'Melveny & Myers where he specialized in leveraged finance, insolvency, and mergers and acquisitions, and represented debtors and creditors in numerous multi-billion dollar transactions. He currently focuses on the firm's private placements and restructurings. Mr. Hollander has also represented boards of directors and has served on various creditor committees. He received a B.S. in Economics with highest honors from the Wharton School of the University of Pennsylvania and a J.D. from Stanford Law School where he was an Associate Editor of the Stanford Law Review.

Philip M. Tseng: Prior to joining TCP, Mr. Tseng was a member of the Credit Suisse First Boston technology investment banking group focusing on technology and business services. While at CSFB, he advised on and executed M&A, public and private equity and structured debt transactions for a broad range of small and large cap companies. He also spent time covering technology services companies as an equity research analyst. Prior to that, he spent time in investment banking at Deutsche Banc Alex Brown, where he managed equity and debt offerings for telecommunications companies, both emerging and incumbent carriers. Mr. Tseng currently serves as a Director on the boards of First Advantage, Shopzilla Inc., Anacomp, Inc., and also as a Director on the board of the United States Tennis Association (USTA) Southern California section. He received an A.B. in Economics Harvard College and an M.B.A from the Harvard Business School.

The voting members of the TCP Investment Committee for each Other Advisor Account are primarily responsible for the day-to-day management of such other Advisor Account. Messrs. Holdsworth, Leitner, Levkowitz, Vig and Tennenbaum are voting members of the Investment Committee for a majority of the Other Advisor Accounts. Mr. Hollander is a voting member of the Investment Committee for two of the Other Advisor Accounts. The advisory compensation of each of these accounts is based in part on the performance of the account during periods where such account meets minimum performance requirements.

Material conflicts of interest that may arise in connection with the Voting Members' management of the Company's investments, on the one hand, and the investments of the Other Advisor Accounts, on the other. See "Risk Factors If TCP is unable to manage our investments effectively, we may be unable to achieve our investment objective. In addition, TCP may face conflicts in allocating investment opportunities between us and certain other entities that could impact our investment returns."

Each Voting Member receives a fixed salary from TCP. Additionally, each Voting Member receives fixed periodic distributions from TCP. Further, each Voting Member receives periodic pro rata distributions of any profits of TCP based on his equity interest therein. Such distributions include performance fees paid to TCP by the other registered investment companies that pay performance fees. Performance allocations from the other registered investment companies that are limited partnerships, or the LPs, are paid to the general partner of the LPs, or the GP. Performance allocations from the other pooled investment vehicles are paid to the GP or TCP. Each Voting Member receives periodic pro rata distributions of any profits of the GP or TCP, based on his equity interests therein and his common equity interest in certain funds managed by TCP, including us. Each Voting Member is also eligible for a discretionary bonus paid by TCP based on an assessment by TCP of the Voting Member's relative contribution to the TCP's overall activities.

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The dollar range of equity securities in the Company beneficially owned at September 30, 2012 by each person who is a Voting Member is as follows:

Todd R. Gerch	$ 10,001	$ 50,000
Mark K. Holdsworth	$500,001	$1,000,000
Michael E. Leitner	$ 50,001	$ 100,000
Howard M. Levkowitz	Over $1,000,000	
Michael E. Tennenbaum	Over $1,000,000	
Rajneesh Vig	$100,001	$ 500,000

Investment Management Agreements

The Holding Company and the Operating Company have entered into separate but substantially identical investment management agreements with TCP, under which TCP, subject to the overall supervision of our respective boards of directors, manages the day-to-day operations and provides investment advisory services to the Holding Company and the Operating Company. In addition, pursuant to the Amended and Restated Limited Partnership Agreement, the General Partner directs and executes the day-to-day operational activities of the Operating Company. For providing these services, TCP receives a base management fee and, in addition, TCP or the General Partner may receive incentive compensation.

The base management fee is currently paid by the Operating Company to TCP and the incentive compensation, if any, is paid by the Operating Company to the General Partner or TCP. The Holding Company, therefore, indirectly bears these amounts, which are reflected in our consolidated financial statements. If the Operating Company is terminated or for any other reasons incentive compensation is not paid by the Operating Company, such amounts will be paid directly by the Holding Company to TCP pursuant to its investment management agreement with TCP.

Under the terms of our investment management agreements, TCP:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies); and
- closes, monitors and administers the investments we make, including the exercise of any voting or consent rights.

TCP's services under the investment management agreements are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired.

Pursuant to our investment management agreements, we pay TCP compensation for investment advisory and management services consisting of base management compensation and a two-part incentive compensation.

Management Fee. The base management fee is calculated at an annual rate of 1.5% of the Holding Company's total assets (excluding cash and cash equivalents) payable quarterly in arrears. For purposes of calculating the base management fee, "total assets" is determined without deduction for any borrowings or other liabilities. The base management fee is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter. The base management fee for any partial quarter is appropriately pro rated.

Incentive Compensation. We also pay incentive compensation to TCP or the General Partner. Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation will be incurred until after January 1, 2013.

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Beginning January 1, 2013, the incentive compensation will equal the sum of (1) 20% of all ordinary income since that date and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since that date, with each component being subject to a total return requirement of 8% of contributed common equity. The incentive compensation initially will be an equity allocation to the General Partner under the Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reasons incentive compensation is not distributed by the Operating Company, it would be paid pursuant to the investment management agreement between the Holding Company and TCP.

The incentive compensation has two components, ordinary income and capital gains. Each component will be payable or distributable quarterly in arrears (or upon termination of TCP as the investment manager or the General Partner as the general partner of the Operating Company, as of the termination date) beginning January 1, 2013 and calculated as follows:

Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, notwithstanding the following provisions, we are not be obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if our cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. The incentive compensation is subject to a total return limitation. That is, no incentive compensation is to be paid if our cumulative annual total return is less than 8% of our average contributed common equity. If our cumulative annual total return is above 8%, the total cumulative incentive compensation we pay will not be more than 20% of our cumulative total return, or, if lower, the amount of our cumulative total return that exceeds the 8% annual rate.

Subject to the above limitation, the ordinary income component is the amount, if positive, equal to 20% of the cumulative ordinary income before incentive compensation, less cumulative ordinary income incentive compensation previously paid or distributed.

Subject to the above limitation, the capital gains component is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative net unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed. For assets held on January 1, 2013, capital gain, loss and depreciation will be measured on an asset by asset basis against the value thereof as of December 31, 2012. The capital gains component will be paid or distributed in full prior to payment or distribution of the ordinary income component.

For purposes of the foregoing computations and the total return limitation, the following definitions apply:

"cumulative" means amounts for the period commencing January 1, 2013 and ending as of the applicable calculation date.

"contributed common equity" means the value of net assets attributable to our common stock as of December 31, 2012 plus the proceeds to us of all issuances of common stock less (A) offering costs of any of our securities or leverage facilities, (B) all distributions by us representing a return of capital and (C) the total cost of all repurchases of our common stock by us, in each case after December 31, 2012 and through the end of the preceding calendar quarter in question, in each case as determined on an accrual and consolidated basis.

"ordinary income before incentive compensation" means our interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence, managerial assistance and consulting fees or other fees that we receive from portfolio companies) during the period, (i) minus our operating expenses during the period (including the base management fee, expenses payable under the administration agreement, any interest expense and any dividends paid on any issued and outstanding preferred stock), (ii) plus increases and minus decreases in net assets not treated as components of income,

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operating expense, gain, loss, appreciation or depreciation and not treated as contributions or distributions in respect of common equity, and (iii) without reduction for any incentive compensation and any organization or offering costs, in each case determined on an accrual and consolidated basis.

"total return" means the amount equal to the combination of ordinary income before incentive compensation, realized capital gains and losses and unrealized capital appreciation and depreciation of the Company for the period, in each case determined on an accrual and consolidated basis.

If our total return does not exceed the total return limitation, the limitation will not have the effect of eliminating the possibility of paying such incentive compensation, but rather will postpone any incentive compensation until our cumulative annual total return exceeds the 8% threshold. The nature of the total return limitation may also make it easier for TCP to earn incentive compensation in higher interest rate environments or if the Funds' net asset value has increased.

Total Return Limitation
(based on cumulative annual total return)

Percentage of ordinary income and net realized capital gain separately payable at various levels of total return.

The financial highlights in the notes to our financial statements include a calculation of total return based on the change in the market value of our shares. The financial highlights in the notes to our financial statements may also include a calculation of total return based on the change in our net asset value from period to period. The total return limitation for purposes of the incentive compensation calculations is based on the stated elements of return: ordinary income before incentive compensation, realized capital gain and loss and unrealized capital appreciation and depreciation. It differs from the total return based on the market value or net asset value of our shares in that it is a cumulative measurement that is compared to our daily weighted-average contributed common equity rather than a periodic measurement that is compared to our net asset value or market value, and in that it excludes incentive compensation.

Examples of Incentive Compensation Calculation

Example 1: Income Portion of Incentive Compensation:

Assumptions

Total return limitation[(1)] = 8%

Management fee[(2)] = 1.5%

Other expenses (legal, accounting, custodian, transfer agent, etc.)[(3)] = 1%

(1) Represents 8.0% annualized total return limitation.

(2) Represents 1.5% annualized management fee, assuming no liabilities.

(3) Excludes organizational and offering costs.

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Alternative 1

Additional Assumptions

cumulative gross ordinary income (including interest, dividends, fees, etc.) = 11.5%

cumulative ordinary income before incentive compensation (gross ordinary income-(management fee + other expenses)) = 9%

cumulative annual total return = 7%

prior ordinary income incentive compensation = 0%
Cumulative total return does not exceed total return limitation, therefore there is no income incentive compensation.

Alternative 2

Additional Assumptions

cumulative gross ordinary income (including interest, dividends, fees, etc.) = 11%

cumulative ordinary income before incentive compensation (gross ordinary income-(management fee + other expenses)) = 8.5%

cumulative annual total return = 9.5%

prior ordinary income incentive compensation = 0%
Cumulative ordinary income before incentive compensation is positive and the cumulative total return exceeds the total return limitation, therefore there is income incentive compensation.

Income incentive compensation = ((20% × ordinary income before incentive compensation) but not more than ((100% × (cumulative total return up to 10%-8% total return limitation)) + (20% × cumulative total return above 10%)))

= ((20% × 8.5%) or, if less, ((100% × (9.5%-8%) + (20% × 0%)))

= 1.7% or, if less, 1.5%

= 1.5%

Alternative 3

Additional Assumptions

cumulative gross ordinary income (including interest, dividends, fees, etc.) = 15.5%

cumulative ordinary income before incentive compensation (gross ordinary income-(management fee + other expenses)) =

13%

cumulative annual total return = 18%

prior ordinary income incentive compensation = 1%

Cumulative ordinary income before incentive compensation is positive and cumulative total return exceeds the total return limitation, therefore there is income incentive compensation.

Income incentive compensation = ((20% × ordinary income before incentive compensation) but not more than ((100% × (cumulative total return up to 10%-8% total return limitation)) + (20% × cumulative total return above 10%))), less income incentive compensation previously paid

= ((20% × 13%) or, if less, ((100% × (10%-8%) + (20% × (18%-10%)))-1%

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= (2.6% or, if less, ((2% + (20% × 8%)))-1%

= (2.6% or, if less, (2% + 1.6%))-1%

= (2.6% or, if less, 3.6%)-1%

= 1.6%

Note that due to the priority of capital gains compensation over ordinary income compensation, had the 5%[(4)] of cumulative unrealized capital gains been realized, the capital gains incentive compensation would have been 1% (i.e. 20% × 5%) and would have reduced ordinary income compensation from 1.6% to 0.6%. Further, if there had been 1.6% or more of prior capital gains compensation, the ordinary income compensation payment would have been zero.

Example 2: Capital Gains Portion of Incentive Compensation:

Alternative 1:

Assumptions

Year 1: $20 million investment made in Company A ("Investment A"), and $30 million investment made in Company B ("Investment B").

Year 2: Investment A sold for $50 million and fair market value, or FMV, of Investment B determined to be $32 million. Cumulative annual total return of 40%.

Year 3: FMV of Investment B determined to be $25 million. Cumulative annual total return of 15%.

Year 4: Investment B sold for $31 million. Cumulative annual total return of 10%.

The capital gains portion of the incentive compensation would be:

Year 1: None

Year 2: Capital gains incentive compensation of $6 million ($6 million = $30 million realized capital gains on sale of Investment A multiplied by 20% and total return limitation satisfied)

Year 3: None; no realized capital gains.

Year 4: Capital gains incentive compensation of $0.2 million ($31 million cumulative realized capital gains multiplied by 20%, less $6 million of capital gains incentive compensation paid in year 2 and total return limitation satisfied)

Alternative 2

Assumptions

Year 1: $20 million investment made in Company A ("Investment A"), $30 million investment made in Company B

("Investment B") and $25 million investment made in Company C ("Investment C")

Year 2: Investment A sold for $50 million, FMV of Investment B determined to be $25 million and FMV of Investment C determined to be $25 million. Cumulative annual total return of 15%.

Year 3: FMV of Investment B determined to be $27 million and Investment C sold for $30 million. Cumulative annual total return of 7%.

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(4) 5% of cumulative unrealized capital gains = 18% cumulative annual total return-13% cumulative ordinary income before incentive compensation

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Year 4: FMV of Investment B determined to be $35 million. Cumulative annual total return of 20%.

Year 5: Investment B sold for $40 million. Cumulative annual total return of 20%.

The capital gains portion of the incentive compensation would be:

Year 1: None

Year 2: Capital gains incentive compensation of $5 million; 20% multiplied by $25 million ($30 million realized capital gains on Investment A less $5 million unrealized capital depreciation on Investment B, and the total return limitation is satisfied)

Year 3: None as the total return limitation is not satisfied

Year 4: Capital gains incentive compensation of $2 million ($35 million cumulative realized capital gains (including $5 million of realized capital gains from year 3 at a time when the total return limitation was not satisfied and no cumulative unrealized capital depreciation) multiplied by 20%, less $5 million capital gains incentive compensation paid in year 2, and the total return limitation is satisfied).

Year 5: Capital gains incentive compensation of $2 million ($45 million cumulative realized capital gains multiplied by 20%, less $7 million in capital gains incentive compensation paid in years 2 and 4, and the total return limitation is satisfied).

Payment of our expenses

All investment professionals and staff of TCP, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services (including health insurance, 401(k) plan benefits, payroll taxes and other compensation related matters), are provided and paid for by TCP. We bear all other costs and expenses of our operations and transactions, including those relating to:

our organization;

calculating our net asset value and net asset value per share (including the cost and expenses of any independent valuation firm);

expenses, including travel expense, incurred by TCP or payable to third parties in performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;

interest payable on debt, if any, incurred to finance our investments;

the costs of this and all future offerings of common stock and other securities, if any;

the base management fee and any incentive management fee;

distributions on our shares;

administration fees payable under our administration agreement;

transfer agent and custody fees and expenses;

the allocated costs incurred by the General Partner as our Administrator in providing managerial assistance to those portfolio companies that request it;

amounts payable to third parties relating to, or associated with, evaluating, making and disposing of investments;

brokerage fees and commissions;

registration fees;

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listing fees;

taxes;

director fees and expenses;

costs of preparing and filing reports or other documents with the SEC;

the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;

costs of holding stockholder meetings;

our fidelity bond;

directors and officers/errors and omissions liability insurance, and any other insurance premiums;

litigation, indemnification and other non-recurring or extraordinary expenses;

direct costs and expenses of administration and operation, including audit and legal costs;

dues, fees and charges of any trade association of which we are a member; and

all other expenses reasonably incurred by us or the Administrator in connection with administering our business, such as the allocable portion of overhead under our administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

From time to time, TCP may pay amounts owed by us to third party providers of goods or services. We will subsequently reimburse TCP for such amounts paid on our behalf.

Limitation of liability and indemnification

The investment management agreements provide that TCP and its officers, directors, employees and affiliates are not liable to us or any of our stockholders for any act or omission by it or its employees in the supervision or management of our investment activities or for any loss sustained by us or our stockholders, except that the foregoing exculpation does not extend to any act or omission constituting willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations under the investment management agreement. The investment management agreements also provide for indemnification by us of TCP's members, directors, officers, employees, agents and control persons for liabilities incurred by it in connection with their services to us, subject to the same limitations and to certain conditions.

Board and shareholder approval of the investment management agreements

Our board of directors held an in-person meeting on December 17, 2010, in order to consider and approve our investment management agreements. In its consideration of the investment management agreement, the board of directors focused on information it had received relating to, among other things: (a) the nature, quality and extent of the advisory and other services to be provided to us by our investment advisor, TCP; (b) comparative data with respect to advisory fees or similar expenses paid by other business development companies with similar investment

objectives; (c) our projected operating expenses and expense ratio compared to business development companies with similar investment objectives; (d) any existing and potential sources of indirect income to TCP from its relationships with us and the profitability of those relationships; (e) information about the services to be performed and the personnel performing such services under the investment management agreements; (f) the organizational capability and financial condition of TCP and its affiliates; (g) TCP's practices regarding the selection and compensation of brokers that may execute our portfolio transactions and the brokers' provision of brokerage and research services to our investment advisor; and (h) the possibility of

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obtaining similar services from other third party service providers or through an internally managed structure.

Based on the information reviewed and the discussions, the board of directors, including a majority of the non-interested directors, concluded that the investment management fee rates are reasonable in relation to the services to be provided.

A majority of our currently existing shareholders have approved the new investment management agreements. A discussion regarding the basis for our board of directors' approval of the investment management agreements is available in our consent solicitation statement filed with the SEC on April 8, 2011.

Duration and termination

The investment management agreements will remain in effect for a period of two years and thereafter from year to year if approved annually by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons. The investment management agreements will automatically terminate in the event of its assignment. The investment management agreements may be terminated by either party without penalty upon not less than 60 days written notice to the other. Any termination by us must be authorized either by our board of directors or by vote of our stockholders. See "Risks Risks relating to our business and structure We are dependent upon senior management personnel of our investment advisor for our future success, and if our investment advisor is unable to hire and retain qualified personnel or if our investment advisor loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed."

Administration Agreement

We have entered into administration agreements with the Administrator, which we refer to as the administration agreement, under which the Administrator provides administrative services to us. The Administrator provides services including, but not limited to, the arrangement for the services of, and the overseeing of, custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks, stockholders and such other persons in any such other capacity deemed to be necessary or desirable. The Administrator also makes reports to the boards of its performance of obligations under the administration agreement and furnishes advice and recommendations with respect to such other aspects of our business and affairs that we determine to be desirable. The Administrator is responsible for our financial and other records that are required to be maintained and prepares all reports and other materials required by any agreement or to be filed with the Securities and Exchange Commission or any other regulatory authority, including reports on Forms 8-K, 10-Q and periodic reports to stockholders, determining the amounts available for distribution as dividends and distributions to be paid by us to our stockholders, reviewing and implementing any share purchase programs authorized by the boards and maintaining or overseeing the maintenance of our books and records as required under the 1940 Act, maintaining (or overseeing maintenance by other persons) such other books and records required by law or for our proper operation. For providing these services, facilities and personnel, we reimburse the Administrator for expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of overhead under the administration agreement and the cost of certain of our officers and the Administrator's administrative staff and providing, at our request and on our behalf, significant managerial assistance to our portfolio companies to which we are required to provide such assistance. From time to time, the Administrator may pay amounts owed by us to third-party providers of goods or services. We subsequently reimburse the Administrator for such amounts paid on our behalf.

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DESCRIPTION OF SHARES

General

Under the terms of our certificate of incorporation, our authorized stock consists of 200,000,000 shares of common stock, par value $0.001 per share, and 100,000,000 shares of preferred stock, par value $0.001 per share. Our common stock is traded on The Nasdaq Global Select Market under the ticker symbol "TCPC." There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Under Delaware law, our stockholders generally are not personally liable for our debts or obligations.

The following are our outstanding classes of securities as of December 5, 2012:

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by us or for Our Account	(4) Amount Outstanding Exclusive of Amounts Shown Under (3)
Common Stock	200,000,000		21,476,464
Preferred Stock	100,000,000		

Common stock

Under the terms of our certificate of incorporation, holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Holders of a plurality of the votes of the shares present in person or represented by proxy at the meeting to elect directors and entitled to vote on the election of directors may elect all of the directors standing for election. Holders of common stock are entitled to receive proportionately any dividends declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock. Upon our liquidation, dissolution or winding up, the holders of common stock are entitled to receive ratably our net assets available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any series of preferred stock which we may designate and issue in the future. In addition, holders of our common stock may participate in our dividend reinvestment plan. Our common stock is junior to our indebtedness and other liabilities.

We own 100% of the common limited partner interests in the Operating Company and the Operating Company's common limited partner interests have one vote for each 0.01% of common limited partner interests owned. We will "pass-through" our votes to our common stockholders and vote all of our interests in the Operating Company in the same proportion and manner as our stockholders vote their common stock.

Preferred stock

Under the terms of our certificate of incorporation, our board of directors is authorized to issue shares of preferred stock in one or more series without stockholder approval. The board has discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of each series of preferred stock. The 1940 Act limits our flexibility as to certain rights and preferences of the preferred stock that our certificate of incorporation may provide and requires, among other things, that immediately after issuance and before any distribution is made with respect to common stock, we meet a coverage ratio of total assets to total senior securities, which include all of our borrowings and our preferred stock, of at least 200%, and the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on the preferred stock are unpaid in an amount equal to two full years of dividends on the preferred stock until all arrears are cured. The features of the preferred stock will be further limited by the

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requirements applicable to regulated investment companies under the Code. The purpose of authorizing our board to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing desirable flexibility in connection with providing leverage for our investment program, possible acquisitions and other corporate purposes, could make it more difficult for a third party to acquire, or could discourage a third party from acquiring, a majority of our outstanding voting stock.

Long-Term Debt

We are permitted, under specified conditions, to issue multiple classes of indebtedness if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any publicly traded debt securities are outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage.

Delaware law and certain charter and bylaw provisions; anti-takeover measures

Our certificate of incorporation and bylaws, together with the rules of The Nasdaq Global Select Market, provide that:

- the board of directors be organized in a single class with all directors standing for election each year
- directors may be removed by the affirmative vote of the holders of 75% of the then outstanding shares of our capital stock entitled to vote; and
- subject to the rights of any holders of preferred stock, any vacancy on the board of directors, however the vacancy occurs, including a vacancy due to an enlargement of the board, may only be filled by vote of a majority of the directors then in office.

Our certificate of incorporation also provides that special meetings of the stockholders may only be called by our board of directors, Chairman, Chief Executive Officer or President.

Delaware's corporation law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws requires a greater percentage. Our certificate of incorporation permits our board of directors to amend or repeal the by-laws or adopt new by-laws at any time. Stockholders may amend or repeal the by-laws or adopt new by-laws with the affirmative vote of eighty percent (80%) of the then outstanding shares.

Limitations of liability and indemnification

Under our certificate of incorporation, we fully indemnify any person who was or is involved in any actual or threatened action, suit or proceeding by reason of the fact that such person is or was one of our directors or officers; provided, however, that, except for proceedings to enforce rights to indemnification, we will not be obligated to indemnify any director or officer in connection with a proceeding initiated by such person unless such proceeding was authorized or consented to by our board of directors. So long as we are regulated under the 1940 Act, the above indemnification and limitation of liability is limited by the 1940 Act or by any valid rule, regulation or order of the SEC thereunder. The 1940 Act provides, among other things, that a company may not indemnify any director or officer against liability to it or its security holders to which he or she might otherwise be subject by reason of his or her willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

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Delaware law also provides that indemnification permitted under the law shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's bylaws, any agreement, a vote of stockholders or otherwise.

We have obtained liability insurance for our officers and directors.

Anti-takeover provisions

Our certificate of incorporation includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of us or to change the composition of our board of directors. This could have the effect of depriving stockholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control over us. Such attempts could have the effect of increasing our expenses and disrupting our normal operation. A director may be removed from office only for cause by a vote of the holders of at least 75% of the shares then entitled to vote for the election of the respective director.

In addition, our certificate of incorporation requires the favorable vote of a majority of our board of directors followed by the favorable vote of the holders of at least 80% of our outstanding shares of each affected class or series, voting separately as a class or series, to approve, adopt or authorize certain transactions with 10% or greater holders of a class or series of shares and their associates, unless the transaction has been approved by at least 80% of our directors, in which case "a majority of the outstanding voting securities" (as defined in the 1940 Act) will be required. For purposes of these provisions, a 10% or greater holder of a class or series of shares, or a principal stockholder, refers to any person who, whether directly or indirectly and whether alone or together with its affiliates and associates, beneficially owns 10% or more of the outstanding shares of our voting securities.

The 10% holder transactions subject to these special approval requirements are: the merger or consolidation of us or any subsidiary of ours with or into any principal stockholder; the issuance of any of our securities to any principal stockholder for cash, except pursuant to any automatic dividend reinvestment plan; the sale, lease or exchange of all or any substantial part of our assets to any principal stockholder, except assets having an aggregate fair market value of less than 5% of our total assets, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period; or the sale, lease or exchange to us or any subsidiary of ours, in exchange for our securities, of any assets of any principal stockholder, except assets having an aggregate fair market value of less than 5% of our total assets, aggregating for purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period.

To convert us to a closed-end or open-end investment company, to merge or consolidate us with any entity or sell all or substantially all of our assets to any entity in a transaction as a result of which the governing documents of the surviving entity do not contain substantially the same anti-takeover provisions as are provided in our certificate of incorporation or to liquidate and dissolve us other than in connection with a qualifying merger, consolidation or sale of assets or to amend certain of the provisions relating to these matters, our certificate of incorporation requires either (i) the favorable vote of a majority of our continuing directors followed by the favorable vote of the holders of a majority of our then outstanding shares of each affected class or series of our shares, voting separately as a class or series or (ii) the favorable vote of at least 80% of the then outstanding shares of our capital stock, voting together as a single class. As part of any such conversion to an open-end investment company, substantially all of our investment policies and strategies and portfolio would have to be modified to assure the degree of portfolio liquidity required for open-end investment companies. In the event of our conversion to an open-end investment company, the common stock would cease to be listed on any national securities exchange or market system. Stockholders of an open-end investment company may require the company to redeem their shares at any time, except in certain circumstances

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as authorized by or under the 1940 Act, at their net asset value, less such redemption charge, if any, as might be in effect at the time of a redemption. You should assume that it is not likely that our board of directors would vote to convert us to an open-end fund.

The 1940 Act defines "a majority of the outstanding voting securities" as the lesser of a majority of the outstanding shares and 67% of a quorum of a majority of the outstanding shares. For the purposes of calculating "a majority of the outstanding voting securities" under our certificate of incorporation, each class and series of our shares will vote together as a single class, except to the extent required by the 1940 Act or our certificate of incorporation, with respect to any class or series of shares. If a separate class vote is required, the applicable proportion of shares of the class or series, voting as a separate class or series, also will be required.

Operating Company

The Amended and Restated Limited Partnership Agreement provides that the Operating Company is authorized to issue an unlimited number of common interests. The common interests have no preference, preemptive, conversion, appraisal, exchange or redemption rights, and there are no sinking fund provisions applicable to the common interests. Each holder of common interests has one vote per common interest held by it on all matters subject to approval by the holders of the common interests. Further, holders of common interests have voting rights on the election of the board of directors of the Operating Company, which will be governed by plurality voting. No person has any liability for obligations of the Operating Company by reason of owning common interests. Holders of outstanding Preferred Interests, voting as a separate class, are entitled to elect two of the Operating Company's directors. The remaining directors are elected by holders of common interests and Preferred Interests, voting together as a single class.

The rights attached to the Operating Company's common interests are set forth in the Amended and Restated Limited Partnership Agreement. The Amended and Restated Limited Partnership Agreement may be amended by the Operating Company's board of directors without a vote of holders of common interests or Preferred Interests in any manner that does not materially and adversely affect the holders of the common interests or the Preferred Interests, by the affirmative vote of not less than a majority of the common interests and Preferred Interests outstanding and entitled to vote in the case of any amendment that does adversely and materially affect the holders of the common interests and the Preferred Interests and by the affirmative vote of not less than a majority of the outstanding common interests or Preferred Interests voting as a separate class in the event of any amendment that adversely and materially affects the contract rights of one class but not the other or affects one class materially differently than the other class. On any matter as to which the 1940 Act requires a vote, approval by plurality (in the case of elections of directors), a majority of interests present and voting on the matter in question or, where required by the 1940 Act, the lesser of a majority of the votes of the outstanding voting securities of the Operating Company or the votes of at least $^{2}/_{3}$ of such outstanding voting securities, if a quorum of at least a majority of such voting securities is present, will be sufficient to approve such matter.

The Operating Company may merge or consolidate with any other entity, or sell, lease or exchange all or substantially all of the Fund's assets upon the affirmative vote of the holders of not less than two-thirds of the common interests and Preferred Interests.

The Operating Company's common limited partner interests have one vote for each 0.01% of common limited partner interests owned. The Holding Company owns 100% of the common limited partner interests in the Operating Company. However, the Holding Company will "pass-through" its votes to its common stockholders and vote all of its interests in the Operating Company in the same proportion and manner as such stockholders vote their common stock. Common stockholders of the Holding Company will be entitled to vote on any matter on which the holders of common interests in

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the Operating Company are required or requested to vote, through the use of "pass-through" voting, including in respect of the investment management arrangements of the Operating Company. The General Partner, with the approval of the board of directors, may issue additional securities of the Operating Company.

Pursuant to the Amended and Restated Limited Partnership Agreement, after July 31, 2016, the Operating Company may be dissolved upon approval of 80% of its board of directors and a majority of outstanding partnership interests, subject to any requirements under the 1940 Act. Prior to July 31, 2016, it may be dissolved upon approval of two-thirds of its board of directors and upon approval by interests having at least 75% of the votes of all of the interests outstanding on the record date, voting as a single class except to the extent required by the 1940 Act. On any such matter the Holding Company will "pass-through" its votes to its common stockholders and vote all of its interests in the Operating Company in the same proportion and the same manner as such stockholders vote their shares of the Holding Company.

SVOF/MM, LLC, an affiliate of the Advisor, serves as the General Partner of the Operating Company. In that capacity, it conducts the day-to-day operations of the Operating Company, including supervision of the Advisor and reporting to the board of directors of the Operating Company.

Leverage Program

Preferred Interests

At September 30, 2012, the Operating Company had 6,700 Preferred Interests issued and outstanding with a liquidation preference of $20,000 per interest. The Preferred Interests are redeemable at the option of the Operating Company, subject to certain conditions. Additionally, under certain conditions, the Operating Company may be required to either redeem certain of the Preferred Interests or repay indebtedness, at the Operating Company's option. Such conditions would include a failure by the Operating Company to maintain adequate collateral as required by the Revolving Facility or by the Statement of Preferences of the Preferred Interests or a failure by the Operating Company to maintain sufficient asset coverage as required by the 1940 Act. As of September 30, 2012, the Operating Company was in full compliance with such requirements. The Preferred Interests accrue dividends at an annual rate equal to LIBOR plus 0.85%, subject to certain limitations and adjustments.

Revolving Facility

The Revolving Facility (the terms of which are set forth in the Credit Agreement) is a revolving credit facility of $116 million and is secured by portfolio investments and other assets of the Operating Company. The aggregate amount of borrowings which may be outstanding at any time under the Revolving Facility, however, is limited to a discounted value of the collateral, which we refer to as the Over-Collateralization Test, determined under procedures described in the Credit Agreement. The Credit Agreement requires that the market value of certain investments (as well as other excluded investments) be excluded from the calculation of the Over-Collateralization Test to the extent that the assets exceed the limits set forth therein. If the Over-Collateralization Test is not met, the Operating Company would be obligated to come into compliance or make sufficient principal payments on the outstanding borrowing under the Revolving Facility. Through the Over-Collateralization Test, the Credit Agreement in effect provides for various asset coverage, credit quality and diversification limitations on the fund investments.

The Credit Agreement contains affirmative covenants customary for facilities of this type, including a minimum net worth covenant for the Operating Company. The Credit Agreement also includes, among other negative covenants customary for facilities of this type, prohibitions on other borrowings by the Operating Company and limitations on the ability of the Operating Company to (i) issue equity, (ii) make changes in the Amended and Restated Partnership Agreement that would materially

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adversely affect the Operating Company, (iii) make material changes to certain other agreements; (iv) make distributions on or repurchases of common and preferred interests; (v) merge or consolidate with other persons; (vi) grant further liens on the collateral securing the Revolving Facility; (vii) enter into hedging and short sale transactions; and (viii) enter into transactions with affiliates.

The Credit Agreement has various events of default, including a default of the Operating Company in the observance or performance of the Over-Collateralization Test (including specified grace and cure periods), a default in the performance or breach of any covenant (including, without limitation, any covenants of payment), obligation, warranty or other agreement of the Operating Company contained in the Credit Agreement, the removal of the Advisor pursuant to the terms of the investment management agreements without a replacement investment manager being named within a specified time frame or certain events of bankruptcy, insolvency or reorganization of the Operating Company. In the event of a default under the Credit Agreement, the administrative agent with respect to the Revolving Facility, or the Administrative Agent, will, if directed by the lenders, terminate any additional commitments of the lenders to the Operating Company and the Operating Company would be required to repay principal of and interest on outstanding borrowings under the Revolving Facility to the extent provided in the Credit Agreement prior to paying certain liabilities and prior to redeeming or repurchasing any preferred or common securities.

In connection with the Revolving Facility, the Operating Company entered into a pledge and intercreditor agreement with the Custodian and the Administrative Agent, or the Pledge Agreement, pursuant to which all or a substantial portion of the assets of the Operating Company have been pledged to the secured parties representative to secure the repayment of any amounts borrowed by the Operating Company under the Revolving Facility and obligations of the Operating Company under certain other agreements, including secured hedging transactions and the Pledge Agreement. The Custodian will be required to take all actions that it is directed to take in accordance with the Pledge Agreement to preserve the rights of the secured parties under the Pledge Agreement with respect to the collateral, and in certain circumstances will be prevented from releasing any collateral if an event of default has occurred or is occurring under the Credit Agreement.

Under the Credit Agreement, we must maintain certain investment restrictions that are fundamental policies applicable to registered investment companies under 1940 Act even if we would not be required to maintain such policies as a business development company. For so long as required pursuant to the Credit Agreement, were are prohibited from:

(1) borrowing money or issuing senior securities, except insofar as the foregoing would not violate the 1940 Act as applicable to registered investment companies;

(2) making loans of money or property to any person, except insofar as the foregoing would not violate the 1940 Act as applicable to registered investment companies;

(3) underwriting the securities of other issuers, except to the extent that in connection with the disposition of portfolio securities or the sale of our its own shares or securities of its subsidiaries we may be deemed to be an underwriter;

(4) purchasing real estate or interests therein, except to the extent that as a result of such investments we would not cease to be a regulated investment company under the Code;

(5) purchasing or selling commodities or commodity contracts for any purposes except to the extent permitted by applicable law without us becoming subject to registration with the Commodity Futures Trading Commissions as a commodity pool or a commodity pool operator; or

(6) investing more than 25% of our assets in a single industry.

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Notwithstanding the foregoing, if a percentage restriction on investment or use of assets set forth above is adhered to at the time a transaction is effected, later changes in percentage resulting from changing market values will not be considered a deviation from these restrictions.

The material terms of the Credit Agreement and Statement of Preferences of Preferred Interests are summarized in this prospectus. Prospective investors may also review the complete terms of the Credit Agreement and the Statement of Preferences of the Preferred Interests, copies of which are filed as exhibits to the registration statement of which this prospectus is a part for further detail regarding the extent of subordination of the common stock and the limitations on distributions, voting rights and other matters imposed by the terms of such other securities.

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SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, 25,476,464 shares of our common stock will be outstanding and assuming no exercise of the underwriters' overallotment option. Of these shares, 24,889,505 (or, if the over-allotment is exercised in full, 25,489,505) shares of our common stock sold in this offering will be freely tradeable without restriction or limitation under the Securities Act, less that number of shares purchased by our affiliates. Any shares purchased in or prior to this offering by our affiliates will be subject to the public information, manner of sale and volume limitations of Rule 144 under the Securities Act. Upon expiration of any applicable lock-up periods, such shares will generally be freely tradeable in the public market, subject to the provisions of Rule 144.

In general, under Rule 144 as currently in effect, if six months has elapsed since the date of acquisition of securities from us by our affiliates or of restricted securities from us or any of our affiliates, the holder of such securities can sell such securities; provided that the number of securities sold by such person within any three month period cannot exceed the greater of:

- 1% of the total number of securities then outstanding; or
- the average weekly trading volume of our securities during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 also are subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. If one year has elapsed since the date of acquisition of restricted securities from us or any of our affiliates and the holder is not one of our affiliates at any time during the three months preceding the proposed sale, such person can sell such securities in the public market under Rule 144 without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements. No assurance can be given as to (1) the likelihood that an active market for our common stock will develop, (2) the liquidity of any such market, (3) the ability of our stockholders to sell our securities or (4) the prices that stockholders may obtain for any of our securities. No prediction can be made as to the effect, if any, that future sales of securities, or the availability of securities for future sales, will have on the market price prevailing from time to time. Sales of substantial amounts of our securities, or the perception that such sales could occur, may affect adversely prevailing market prices of our common stock. See "Risks Risks related to this offering Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock."

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MATERIAL U.S. FEDERAL INCOME TAX MATTERS

The following is a summary of material U.S. federal income tax consequences to a stockholder who purchases our common stock pursuant to this offering. This summary is subject to change by legislative or administrative action, and any change may be retroactive. The discussion does not purport to deal with all of the U.S. federal income tax consequences applicable to us, or which may be important to particular stockholders in light of their individual investment circumstances or to some types of stockholders subject to special tax rules, such as stockholders subject to the alternative minimum tax, financial institutions, broker-dealers, insurance companies, tax-exempt organizations, partnerships or other pass-through entities, persons holding our common stock in connection with a hedging, straddle, conversion or other integrated transaction, persons engaged in a trade or business in the United States or persons who have ceased to be U.S. citizens or to be taxed as resident aliens or stockholders who contribute assets to us in exchange for our shares. This discussion assumes that the stockholders hold their common stock as capital assets for U.S. federal income tax purposes (generally, assets held for investment). No attempt is made to present a detailed explanation of all U.S. federal income tax aspects affecting us and our stockholders, and the discussion set forth herein does not constitute tax advice. No ruling has been or will be sought from the Internal Revenue Service, which we refer to as the IRS, regarding any matter discussed herein. Tax counsel has not rendered any legal opinion regarding any tax consequences relating to us or our stockholders. Stockholders are urged to consult their own tax advisors to determine the U.S. federal, state, local and foreign tax consequences to them of investing in our shares.

Taxation of the company

We intend to continue to qualify to be taxed as a RIC under Subchapter M of the Code. To continue to qualify as a RIC, we must, among other things, (a) derive in each taxable year at least 90 percent of our gross income from dividends, interest (including tax-exempt interest), payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, other income (including but not limited to gain from options, futures and forward contracts) derived with respect to our business of investing in stock, securities or currencies, or net income derived from an interest in a "qualified publicly traded partnership" (a "QPTP"); and (b) diversify our holdings so that, at the end of each quarter of each taxable year (i) at least 50 percent of the market value of our total assets is represented by cash and cash items, U.S. Government securities, the securities of other regulated investment companies and other securities, with other securities limited, in respect of any one issuer, to an amount not greater than five percent of the value of our total assets and not more than 10 percent of the outstanding voting securities of such issuer (subject to the exception described below), and (ii) not more than 25 percent of the market value of our total assets is invested in the securities (other than U.S. Government securities and the securities of other regulated investment companies) (A) of any issuer, (B) of any two or more issuers that we control and that are determined to be engaged in the same business or similar or related trades or businesses, or (C) of one or more QPTPs. We may generate certain income that might not qualify as good income for purposes of the 90% annual gross income requirement described above. We will monitor our transactions to endeavor to prevent our disqualification as a RIC.

If we fail to satisfy the 90% annual gross income requirement or the asset diversification requirements discussed above in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the asset diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to corporate-level U.S. federal income tax as described below. We cannot provide assurance

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that we would qualify for any such relief should we fail the 90% annual gross income requirement or the asset diversification requirements discussed above.

As a RIC, in any taxable year with respect to which we timely distribute at least 90 percent of the sum of our (i) investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gain over net long-term capital loss and other taxable income (other than any net capital gain), reduced by deductible expenses) determined without regard to the deduction for dividends and distributions paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) (the "Annual Distribution Requirement"), we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gain (generally, net long-term capital gain in excess of short-term capital loss) that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income on a timely basis. To the extent that we retain our net capital gain for investment or any investment company taxable income, we will be subject to U.S. federal income tax at the regular corporate income tax rates. We may choose to retain our net capital gains for investment or any investment company taxable income, and pay the associated federal corporate income tax, including the federal excise tax described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible four percent U.S. federal excise tax payable by us. To avoid this tax, we must distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

(1) at least 98 percent of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

(2) at least 98.2 percent of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period generally ending on October 31 of the calendar year (unless an election is made by us to use our taxable year); and

(3) certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the four percent federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

If, in any particular taxable year, we do not satisfy the Annual Distribution Requirement or otherwise were to fail to qualify as a RIC (for example, because we fail the 90% annual gross income requirement described above), and relief is not available as discussed above, all of our taxable income (including our net capital gains) will be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and distributions generally will be taxable to the stockholders as ordinary dividends to the extent of our current and accumulated earnings and profits.

We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.

As a RIC, we are permitted to carry forward a net capital loss realized in a taxable year beginning before December 23, 2010 to offset our capital gain, if any, realized during the eight years following the year of the loss. A capital loss carryforward realized in a taxable year beginning before December 23, 2010 is treated as a short-term capital loss in the year to which it is carried. We are permitted to carry forward a net capital loss realized in taxable years beginning on or after December 23, 2010 to offset capital gain indefinitely. For net capital losses realized in taxable years beginning on or after December 23, 2010, the excess of our net short-term capital loss over our net

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long-term capital gain is treated as a short-term capital loss arising on the first day of our next taxable year and the excess of our net long-term capital loss over our net short-term capital gain is treated as a long-term capital loss arising on the first day of our next taxable year. If future capital gain is offset by carried forward capital losses, such future capital gain is not subject to fund-level U.S. federal income tax, regardless of whether they are distributed to stockholders. Accordingly, we do not expect to distribute any such offsetting capital gain. A RIC cannot carry back or carry forward any net operating losses.

Company investments

Certain of our investment practices are subject to special and complex U.S. federal income tax provisions that may, among other things, (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions, including the dividends received deduction, (ii) convert lower taxed long-term capital gain and qualified dividend income into higher taxed short-term capital gain or ordinary income, (iii) convert ordinary loss or a deduction into capital loss (the deductibility of which is more limited), (iv) cause us to recognize income or gain without a corresponding receipt of cash, adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, adversely alter the characterization of certain complex financial transactions and (vii) produce income that will not qualify as "good income" for purposes of the 90% annual gross income requirement described above. We will monitor our transactions and may make certain tax elections and may be required to borrow money or dispose of securities to mitigate the effect of these rules and prevent disqualification of us as a RIC.

Investments we make in securities issued at a discount or providing for deferred interest or PIK interest are subject to special tax rules that will affect the amount, timing and character of distributions to stockholders. For example, with respect to securities issued at a discount, we will generally be required to accrue daily as income a portion of the discount and to distribute such income on a timely basis each year to maintain our qualification as a RIC and to avoid U.S. federal income and excise taxes. Since in certain circumstances we may recognize income before or without receiving cash representing such income, we may have difficulty making distributions in the amounts necessary to satisfy the requirements for maintaining RIC status and for avoiding U.S. federal income and excise taxes. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thereby be subject to corporate-level income tax.

Furthermore, a portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring may result in unusable capital losses and future non-cash income. Any such restructuring may also result in our recognition of a substantial amount of non-qualifying income for purposes of the 90% gross income requirement or our receiving assets that would not count toward the asset diversification requirements.

Gain or loss recognized by us from warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

In the event we invest in foreign securities, we may be subject to withholding and other foreign taxes with respect to those securities. Stockholders will generally not be entitled to claim a U.S. foreign tax credit or deduction with respect to foreign taxes paid by us.

If we purchase shares in a "passive foreign investment company" (a "PFIC"), we may be subject to U.S. federal income tax on a portion of any "excess distribution" or gain from the disposition of such shares even if such income is distributed as a taxable dividend by us to our stockholders. Additional

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charges in the nature of interest may be imposed on us in respect of deferred taxes arising from such distributions or gains. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to us. Alternatively, we can elect to mark-to-market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Our ability to make either election will depend on factors beyond our control. Under either election, we may be required to recognize in a year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of the 4% excise tax.

Our functional currency is the U.S. dollar for U.S. federal income tax purposes. Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts and the disposition of debt denominated in a foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

If we borrow money, we may be prevented by loan covenants from declaring and paying dividends in certain circumstances. Limits on our payment of dividends may prevent us from meeting the Annual Distribution Requirement, and may, therefore, jeopardize our qualification for taxation as a RIC, or subject us to the 4% excise tax.

Even if we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements, under the Investment Company Act, we are not permitted to make distributions to our stockholders while our debt obligations and senior securities are outstanding unless certain "asset coverage" tests are met. This may also jeopardize our qualification for taxation as a RIC or subject us to the 4% excise tax.

Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and (2) other requirements relating to our status as a RIC, including the asset diversification requirements. If we dispose of assets to meet the Annual Distribution Requirement, the asset diversification requirements, or the 4% excise tax, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Some of the income that we might otherwise earn, such as lease income, management fees, or income recognized in a work-out or restructuring of a portfolio investment, may not satisfy the 90% gross income requirement. To manage the risk that such income might disqualify us as a RIC for a failure to satisfy the 90% gross income requirement, one or more of our subsidiaries treated as U.S. corporations for U.S. federal income tax purposes may be employed to earn such income. Such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce the yield to investors on such income and fees.

Taxation of U.S. stockholders

For purposes of this discussion, a "U.S. stockholder" (or in this section, a "stockholder") is a holder or a beneficial holder of shares which is for U.S. federal income tax purposes (1) a person who is a citizen or resident of the United States, (2) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof, or the District of Columbia, (3) an estate whose income is subject to U.S. federal income tax regardless of its source, or (4) a trust if (a) a U.S. court is able to exercise primary

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supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (b) the trust has in effect a valid election to be treated as a domestic trust for U.S. federal income tax purposes. If a partnership or other entity or arrangement classified as a partnership for U.S. tax purposes holds the shares, the tax treatment of the partnership and each partner generally will depend on the activities of the partnership and the activities of the partner. Partnerships acquiring shares, and partners in such partnerships, should consult their own tax advisors. **Prospective investors that are not U.S. stockholders should refer to the section "Non-U.S. Stockholders" below and are urged to consult their own tax advisors with respect to the U.S. federal income tax consequences of an investment in our shares, including the potential application of U.S. withholding taxes.**

Distributions we pay to you from our ordinary income or from an excess of net short-term capital gain over net long-term capital loss (together referred to hereinafter as "ordinary income dividends") are generally taxable to you as ordinary income to the extent of our earnings and profits. Due to our expected investments, in general, distributions will not be eligible for the dividends received deduction allowed to corporate stockholders and will not qualify for the reduced rates of tax for qualified dividend income allowed to individuals. Distributions made to you from an excess of net long-term capital gain over net short-term capital loss ("capital gain dividends"), including capital gain dividends credited to you but retained by us, are taxable to you as long-term capital gain if they have been properly designated by us, regardless of the length of time you have owned our shares. For non-corporate stockholders, capital gains dividends are currently taxed at preferential rates. Generally, you will be provided with a written notice designating the amount of any (i) ordinary income dividends no later than 30 days after the close of the taxable year, and (ii) capital gain dividends or other distributions no later than 60 days after the close of the taxable year. Distributions in excess of our earnings and profits will first reduce the adjusted tax basis of your shares and, after the adjusted tax basis is reduced to zero, will constitute capital gain to you (assuming the shares are held as a capital asset).

In the event that we retain any net capital gain, we may designate the retained amounts as undistributed capital gain in a notice to our stockholders. If a designation is made, stockholders would include in income, as long-term capital gain, their proportionate share of the undistributed amounts, but would be allowed a credit or refund, as the case may be, for their proportionate share of the corporate tax paid by us. A stockholder that is not subject to U.S. federal income tax or otherwise is not required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In addition, the tax basis of shares owned by a stockholder would be increased by an amount equal to the difference between (i) the amount included in the stockholder's income as long-term capital gain and (ii) the stockholder's proportionate share of the corporate tax paid by us.

Dividends and other taxable distributions are taxable to you even though they are reinvested in additional shares of our common stock. We have the ability to declare a large portion of a dividend in shares of our stock. As long as a portion of such dividend is paid in cash (which portion can be as low as 10% for dividends paid on or before December 31, 2012 with respect to any taxable year ending on or before December 31, 2011) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our stockholders will be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our stock.

If we pay you a dividend in January which was declared in the previous October, November or December to stockholders of record on a specified date in one of these months, then the dividend will be treated for tax purposes as being paid by us and received by you on December 31 of the year in which the dividend was declared.

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A stockholder will recognize gain or loss on the sale or exchange of our common stock in an amount equal to the difference between the stockholder's adjusted basis in the shares sold or exchanged and the amount realized on their disposition. Generally, gain recognized by a stockholder on the sale or other disposition of our common stock will result in capital gain or loss to you, and will be a long-term capital gain or loss if the shares have been held for more than one year at the time of sale. Any loss upon the sale or exchange of our shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends received (including amounts credited as an undistributed capital gain dividend) by you. A loss realized on a sale or exchange of our shares will be disallowed if other substantially identical shares are acquired (whether through the automatic reinvestment of dividends or otherwise) within a 61-day period beginning 30 days before and ending 30 days after the date that the shares are disposed of. In this case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Present law taxes both long-term and short-term capital gains of corporations at the rates applicable to ordinary income.

For taxable years beginning after December 31, 2012, noncorporate stockholders are, in general, scheduled to become subject to an additional tax on their "net investment income," which ordinarily includes taxable distributions from us and taxable gain on the disposition of our common stock.

We may be required to withhold U.S. federal income tax ("backup withholding"), from all taxable distributions to any non-corporate stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the stockholder's U.S. federal income tax liability and may entitle such stockholder to a refund, provided that proper information is timely provided to the IRS.

After December 31, 2013, withholding at a rate of 30% will be required on dividends in respect of, and after December 31, 2016, withholding at a rate of 30% will be required on gross proceeds from the sale of shares of our common stock held by or through foreign accounts or foreign intermediaries if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. We will not pay any additional amounts in respect to any amounts withheld.

Under U.S. Treasury regulations, if a stockholder recognizes a loss with respect to shares of $2 million or more for a non-corporate stockholder or $10 million or more for a corporate stockholder in any single taxable year (or a greater loss over a combination of years), the stockholder must file with the IRS a disclosure statement on Form 8886. Direct stockholders of portfolio securities in many cases are excepted from this reporting requirement, but under current guidance, stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. Stockholders should consult their own tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Stockholders should consult their own tax advisors with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in our shares.

Taxation of non-U.S. stockholders

The following discussion only applies to non-U.S. stockholders. A "non-U.S. stockholder" is a holder, other than a partnership (or other entity or arrangement treated as a partnership), that is not a U.S. stockholder for U.S. federal income tax purposes. Whether an investment in the shares is appropriate for a non-U.S. stockholder will depend upon that person's particular circumstances. An

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investment in the shares by a non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisors before investing in our shares.

Distributions of ordinary income dividends to non-U.S. stockholders, subject to the discussion below, will generally be subject to withholding of U.S. federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits. Different tax consequences may result if the non-U.S. stockholder is engaged in a trade or business in the United States or, in the case of an individual, is present in the United States for 183 days or more during a taxable year and certain other conditions are met. Special certification requirements apply to a non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisors.

Actual or deemed distributions of our net capital gain to a non-U.S. stockholder, and gain recognized by a non-U.S. stockholder upon the sale of our common stock, generally will not be subject to U.S. federal withholding tax and will not be subject to U.S. federal income tax unless the distributions or gain, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States) or, in the case of an individual, is present in the United States for 183 days or more during a taxable year.

Under certain legislation, no U.S. source withholding taxes were imposed on dividends paid by RICs in taxable years beginning before January 1, 2012 to non-U.S. stockholders to the extent the dividends are designated as "interest-related dividends" or "short-term capital gain dividends." Under this exemption, interest-related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gain that would not have been subject to U.S. withholding tax at the source if they had been received directly by a non-U.S. stockholder, and that satisfy certain other requirements. This provision recently expired, and, unless it is renewed, will not apply to dividends with respect to taxable years beginning after December 31, 2011. Even if the provision is renewed, no assurance can be given that we will distribute any interest-related or short-term capital gain dividends.

If we distribute our net capital gains in the form of deemed rather than actual distributions (which we may do in the future), a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the non-U.S. stockholder is not otherwise required to obtain a U.S. taxpayer identification number or file a federal income tax return. For a corporate non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of our common stock that are effectively connected with a U.S. trade or business (and, where an applicable treaty applies, are attributable to a permanent establishment in the United States) may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if provided for by an applicable tax treaty). Accordingly, investment in the shares may not be appropriate for certain non-U.S. stockholders.

FATCA/Hire Act Legislation. Under certain legislation and Treasury guidance and proposed regulations pursuant thereto, unless certain non-U.S. persons comply with reporting requirements about their direct and indirect U.S. owners, a 30% withholding tax would be imposed on certain payments, including payments of U.S.-source dividends and gross proceeds from the sale of common stock that can produce U.S.-source dividends, that are paid to certain non-U.S. financial institutions, investment funds and other non-U.S. persons. Non-U.S. stockholders are encouraged to consult with their tax advisors regarding the possible implications of the legislation on their investment in our common stock.

Backup Withholding. A non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of federal income tax, may be subject to backup withholding of federal

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income tax on dividends unless the non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld from payments made to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS. Non-U.S. stockholders may also be subject to information reporting.

Failure to Qualify as a RIC

If we were unable to qualify for treatment as a RIC, and relief is not available as discussed above, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders nor would we be required to make distributions for tax purposes. Distributions would generally be taxable to our stockholders as ordinary dividend income eligible for the 15% maximum rate (for taxable years beginning before January 1, 2013) to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate U.S. stockholders would be eligible for the dividends received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. If we were to fail to meet the RIC requirements for more than two consecutive years and then to seek to requalify as a RIC, we would be required to recognize gain to the extent of any unrealized appreciation in our assets unless we made a special election to pay corporate level tax on any such unrealized appreciation recognized during the succeeding 10-year period.

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UNDERWRITING

[Underwriter Representatives] are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us, the Advisor and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
[Underwriter Representative]	
[Underwriter Representative]	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We, the Advisor and the General Partner have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to the Company	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $0.6 million and are payable by us, including up to $ of expenses that we have agreed to reimburse the underwriters for the Financial Industry Regulation Authority filing fees and reasonable legal fees and expenses incurred in connection with the review and approval by the Financial Industry Regulation Authority of the terms of the offer and sale of the common stock in this offering. Such expense will indirectly be borne by investors in this offering and will consequently lower their net asset value per share.

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Overallotment Option

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to 600,000 additional shares at the public offering price, less the underwriting discount. The underwriters may exercise this option solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors and our Advisor and its affiliates have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for days after the date of this prospectus without first obtaining the written consent of each of the representatives. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the directors, officers and affiliates executing the agreement or for which the directors, officers and affiliates executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of the lock-up period referred to above, we issue an earnings release or material news or a material event relating to us occurs or (y) prior to the expiration of the lock-up period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' overallotment

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option described above. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. "Naked" short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on The Nasdaq Global Select Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Shares

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, [Lead Underwriter] may facilitate Internet distribution for this offering to certain of its Internet subscription customers. [Lead Underwriter] may allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the Internet web site maintained by [Lead Underwriter]. Other than the prospectus in electronic format, the information on the [Lead Underwriter] web site is not part of this prospectus.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or

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financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the EEA

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), including each Relevant Member State that has implemented the 2010 PD Amending Directive with regard to persons to whom an offer of securities is addressed and the denomination per unit of the offer of shares (each, an "Early Implementing Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer of shares will be made to the public in that Relevant Member State (other than offers (the "Permitted Public Offers") where a prospectus will be published in relation to the shares that has been approved by the competent authority in a Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive), except that with effect from and including that Relevant Implementation Date, offers of shares may be made to the public in that Relevant Member State at any time:

A.

to "qualified investors" as defined in the Prospectus Directive, including:

(a)

(in the case of Relevant Member States other than Early Implementing Member States), legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities, or any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43.0 million and (iii) an annual turnover of more than €50.0 million as shown in its last annual or consolidated accounts; or

(b)

(in the case of Early Implementing Member States), persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC, and those who are treated on request as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or

B.

to fewer than 100 (or, in the case of Early Implementing Member States, 150) natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), as permitted in the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

C.

in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State (other than a Relevant Member State where there is a Permitted Public Offer) who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a "qualified investor", and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Subscribers has been given to the offer or resale, or (y) where shares

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have been acquired by it on behalf of persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71 EC (including the 2010 PD Amending Directive, in the case of Early Implementing Member States) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors"(as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares of common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares of common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Holding Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken

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steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Principal Business Address

This principal business address of [Lead Underwriter] is [Address]. The principal business address of [Representative Underwriter] is [Address]. The principal business address of [Representative Underwriter] is [Address].

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CUSTODIAN

Wells Fargo Bank, National Association provides custodian services to us pursuant to a custodian services agreement. For the services provided to us by the Custodian, the Custodian is entitled to fees as agreed upon from time to time. The address of Wells Fargo Bank, National Association is 9062 Old Annapolis Rd., Columbia, MD 21045-1951.

TRANSFER AGENT

Wells Fargo Bank, National Association provides transfer agency support to us and serves as our dividend paying agent under a transfer agency agreement. The address of Wells Fargo Bank, National Association is 161 North Concord Exchange, South Saint Paul, MN 55075.

LEGAL MATTERS

Certain legal matters in connection with the common stock will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, and for the underwriters by [Underwriters' Counsel], [City, State].

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, or E&Y, is our independent registered public accounting firm. The address of E&Y is 725 South Figueroa Street, Los Angeles, California 90017.

ADDITIONAL INFORMATION

We have filed a registration statement with the SEC on Form N-2, including amendments, relating to the shares we are offering, and the SAI. This prospectus does not contain all of the information set forth in the registration statement, including any exhibits and schedules it may contain. For further information concerning us or the shares we are offering, please refer to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to describe the material terms thereof but are not necessarily complete and in each instance reference is made to the copy of any contract or other document filed as an exhibit to the registration statement. Each statement is qualified in all respects by this reference.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement of which this prospectus forms a part and the related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: *publicinfo@sec.gov* , or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-0102. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information filed electronically by us with the SEC at *http://www.sec.gov*.

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PRIVACY PRINCIPLES

We are committed to maintaining the privacy of stockholders and to safeguarding our non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any nonpublic personal information relating to our stockholders, although certain nonpublic personal information of our stockholders may become available to us. We do not disclose any nonpublic personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to nonpublic personal information about our stockholders to TCP's employees and advisors with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the nonpublic personal information of our stockholders.

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TABLE OF CONTENTS OF STATEMENT OF ADDITIONAL INFORMATION

An SAI dated as of , 2012, has been filed with the SEC and is incorporated by reference in this prospectus. An SAI may be obtained without charge by writing to us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us at (310) 566-1094. The Table of Contents of the SAI is as follows:

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Regulation	SAI-22
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Through and including , 2012 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscription.

4,000,000 Shares

Common Stock

P R O S P E C T U S

[Underwriter Names]

, 2012

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Dated , 2012

STATEMENT OF ADDITIONAL INFORMATION

THE INFORMATION IN THIS STATEMENT OF ADDITIONAL INFORMATION IS NOT COMPLETE AND MAY BE CHANGED. THE COMPANY MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS STATEMENT OF ADDITIONAL INFORMATION IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

We, or the "Holding Company," are a holding company with no direct operations of our own, and currently our only business and sole asset is our ownership of all of the limited partner interests in Special Value Continuation Partners, LP, or the "Operating Company." We and the Operating Company are externally managed, closed-end, non-diversified management investment companies that have elected to be treated as business development companies under the Investment Company Act of 1940, or the "1940 Act." Our and the Operating Company's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. Both we and the Operating Company seek to achieve this investment objective primarily through investments in debt securities of middle-market companies. The primary investment focus will be the investment in and origination of leveraged loans to performing middle-market companies. For the purposes of this SAI (as defined below), the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower.

Tennenbaum Capital Partners, LLC, or "TCP," serves as our and the Operating Company's investment advisor. TCP is a leading investment manager and specialty lender to middle-market companies that had in excess of $4.6 billion of committed capital under management as of September 30, 2012, approximately 12% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of TCP, is the Operating Company's general partner and provides the administrative services necessary for us to operate.

This Statement of Additional Information (the "SAI") does not constitute a prospectus, but should be read in conjunction with the Company's prospectus relating thereto dated , 2012, and as it may be supplemented. This SAI does not include all information that a prospective investor should consider before investing in the Company's shares of common stock, and investors should obtain and read the Company's prospectus prior to purchasing such shares of common stock. A copy of the Company's Registration Statement, including the prospectus and any supplement, may be obtained from the Securities and Exchange Commission (the "SEC") upon payment of the fee prescribed, or inspected at the SEC's office or via its website (www.sec.gov) at no charge.

This Statement of Additional Information is dated , 2012.

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THE COMPANY

Throughout this SAI, unless the context otherwise requires, references to:

"Holding Company" refers to Special Value Continuation Fund, LLC, a Delaware limited liability company, for the periods prior to the consummation of the Conversion described elsewhere in this SAI and to TCP Capital Corp. for the periods after the consummation of the Conversion;

"Operating Company" refers to Special Value Continuation Partners, LP, a Delaware limited partnership;

"TCP" and "Advisor" refer to Tennenbaum Capital Partners, LLC, a Delaware limited liability company and the investment manager; and

"General Partner" and "Administrator" refer to SVOF/MM, LLC, a Delaware limited liability company, the general partner of the Operating Company and an affiliate of the Advisor and administrator of the Holding Company and the Operating Company.

For simplicity, this SAI uses the term "Company," "we," "us" and "our" to include the Holding Company and, where appropriate in the context, the Operating Company, on a consolidated basis. For example, (i) although all or substantially all of the net proceeds from this offering will be invested in the Operating Company and all or substantially all of the Holding Company's investments will be made through the Operating Company, this SAI generally refers to the Holding Company's investments through the Operating Company as investments by the "Company," and (ii) although the Operating Company and not the Holding Company has entered into the Leverage Program (defined below), this SAI generally refers to the Operating Company's use of the Leverage Program as borrowings by the "Company," in all instances in order to make the operations and investment strategy easier to understand. The Holding Company and the Operating Company have the same investment objective and policies and the assets, liabilities and results of operations of the Holding Company are consolidated with those of the Operating Company as described in our prospectus dated , 2012 under "Prospectus Summary Operating and Regulatory Tax Structure."

On April 2, 2012, we completed a conversion under which TCP Capital Corp. succeeded to the business of Special Value Continuation Fund, LLC and its consolidated subsidiaries, and the members of Special Value Continuation Fund, LLC became stockholders of TCP Capital Corp. In this SAI, we refer to such transactions as the "Conversion." Unless otherwise indicated, the disclosure in this SAI gives effect to the Conversion.

Together, the TCP Partners have invested approximately $10.8 billion in over 200 companies since TCP's inception, through multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities.

We refer to the TCP-advised funds that invest, through multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities within the TCP platform as the Opportunity Funds.

The Company

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities of middle-market companies, which we typically define as those with enterprise values between $100 million and

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$1.5 billion. While we intend to primarily focus on privately negotiated investments in debt of middle-market companies, we may make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities will benefit from what we believe are the competitive advantages of our Advisor, including its diverse in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments.

We have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the Operating Company. We expect that our investment activities will continue to be externally managed by our Advisor, a leading investment manager with in excess of 4.6 billion in committed capital, approximately 12% of which consists of the Holding Company's committed capital under management as of September 30, 2012, and a primary focus on providing financing to middle-market companies. Additionally, the Holding Company will continue to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code, or the Code, following the conversion so long as it continues to satisfy the RIC requirements.

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MANAGEMENT OF THE COMPANY

Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of three members, two of whom are not "interested persons" of our company or of TCP as defined in Section 2(a)(19) of the 1940 Act and are "independent," as determined by our board of directors, consistent with the rules of The Nasdaq Global Select Market. We refer to these individuals as our independent directors. Our board of directors appoints our executive officers, who serve at the discretion of the board of directors. Our board of directors currently intends to nominate for election a fourth director at our 2012 annual meeting of stockholders, who will be an independent director, in order to comply with certain listing requirements of The Nasdaq Global Select Market. Information regarding our board of directors is as follows:

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Year	Number of Advisor-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen*	Other Public Company or Investment Company Directorships Held by Director**
Non-Interested Directors					
Eric J. Draut 2951 28th Street, Suite 1000 Santa Monica, California 90405 1957	Director, Audit Committee Chair, Governance Committee Member and Joint Transactions Committee Member	2012; 2011 to present	From 2011 to present, Director, Audit Committee Chairman, Governance Committee Member and Joint Transactions Committee Member. From 2001 to 2010 Mr. Draut was Executive Vice President, Chief Financial Officer and a Director of Unitrin Inc. (renamed Kemper Corporation in 2011). From 2006 to 2008, he was Treasurer and Director of Lutheran Social Services of Illinois. From 2008 to 2010 and again from 2012 to present, Mr. Draut was and is Chairman of the Board of Lutheran Social Services of Illinois. From 2007 to 2008, Mr. Draut was Co-Chair of the Finance Committee of the Executive Club of Chicago. From 2004 to 2012, Mr. Draut was a member of the Steering Committee for the Office of Risk Management and Insurance Research at the University of Illinois at Urbana-Champaign. Also, from 2008 to present, Mr. Draut has been a Director of Intermec, Inc., where he currently also serves as Chairman of the Audit Committee.	2 RICs consisting of 1 Portfolio	Intermec, Inc. (Other Information Services)

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Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Year	Number of Advisor-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen*	Other Public Company or Investment Company Directorships Held by Director**
Franklin R. Johnson 2951 28th Street, Suite 1000 Santa Monica, California 90405 1936	Director, Governance Committee Chair, Audit Committee Member and Joint Transactions Committee Member	2012; 2006 to present	Since inception, Director, and from 2011 Chairman of the Governance Committee, Audit Committee Member and Joint Transactions Committee Member. Mr. Johnson currently serves on the board of directors and nominating and governance committee of Reliance Steel & Aluminum Co., where he also serves as chair of the audit committee. Until July of 2006, he served as a director and chair of the audit committee of Special Value Opportunities Fund, LLC, a registered investment company managed by TCP. Before becoming a business consultant in 2000, he was Chief Financial Officer of Rysher Entertainment, a producer and distributor of theatrical films and television programming and syndicator of television programming, where he worked for three years. Prior to that, he was at Price Waterhouse, an international public accounting and consulting firm where he was the Managing Partner of their Century City office and Managing Partner of their Entertainment and Media Practice.	2 RICs consisting of 1 Portfolio	Reliance Steel & Aluminum Co. (Metal Fabrication)
Peter E. Schwab 2951 28th Street, Suite 1000 Santa Monica, California 90405 1936	Director, Audit Committee Member and Joint Transactions Committee Member	2012; 2012 to present	From 2012 to present, Director, and Audit Committee Member and Joint Transactions Committee Member. Mr. Schwab currently serves on the board of advisors for the Entrepreneurial Studies Center at the University of California, Los Angeles School of Business, is a board member for the Cardiovascular Research Foundation of Southern California, a board member of Gibraltar Business Capital, a board member of West Coast Sports Associates and a board member of Brentwood Country Club. Mr. Schwab has 39 years of experience in the asset-based lending industry, most recently as chairman and chief executive officer of Wells Fargo Capital Finance, a unit of Wells Fargo & Company. Prior to joining Wells Fargo Capital Finance (and its predecessor firm Foothill Capital Corporation), he was vice president of business development with Aetna Business Credit (now known as Barclaysamerican Business Credit). He started his career as business development	2 RICs consisting of 1 Portfolio	

officer at the National Acceptance Company of California.

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Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Year	Number of Advisor-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen*	Other Public Company or Investment Company Directorships Held by Director**
Interested Directors					
Howard M. Levkowitz 2951 28th Street, Suite 1000 Santa Monica, California 90405 1967	Director and Chief Executive Officer	2012; 2006 to present	Since inception, Mr. Levkowitz has been a Director and the President of the Company. In 2012, Mr. Levkowitz became Chief Executive Officer and was succeeded as President, a position he held from inception through February 2012, by Rajneesh Vig. Mr. Levkowitz serves as President of six other funds managed by TCP, and is Chairman of TCP's Management Committee. From 1999 to 2004 he was a Portfolio Manager at TCP. From 2005 to present, he has been a Managing Partner at TCP.	6 RICs consisting of 4 Portfolios	None.
Executive officers who are not directors					
Paul L. Davis 2951 28th Street, Suite 1000 Santa Monica, California 90405 1973	Chief Financial Officer	N/A; 2008 to present	Mr. Davis has been the Chief Financial Officer of the Company since 2008. From 2004 to August 2008, Mr. Davis was Chief Compliance Officer and Vice President of Finance at TCP; from August 2010 to present, he has been Chief Financial Officer of TCP and Mr. Davis is Chief Financial Officer of six other funds managed by TCP.	N/A	N/A
Elizabeth Greenwood 2951 28th Street, Suite 1000 Santa Monica, California 90405 1963	Secretary and Chief Compliance Officer	N/A; 2007 to present as Secretary; 2008 to present as Chief Compliance Officer	Ms. Greenwood became Secretary of the Company in 2007 and Chief Compliance Officer of the Company in 2008. From 2005 to 2006, she was General Counsel and Chief Compliance Officer at Strome Investment Management, LLC; from 2007 to 2008, she was Associate General Counsel at TCP; from 2008 to present, she has been General Counsel of TCP; from August 2008 to present, she has been Chief Compliance Officer of TCP and Ms. Greenwood is Secretary and Chief Compliance Officer of six other funds managed by TCP.	N/A	N/A

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Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Year	Number of Advisor-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen*	Other Public Company or Investment Company Directorships Held by Director**
Todd R. Gerch 2951 28th Street, Suite 1000 Santa Monica, California 90405 1976	Chief Operating Officer	N/A; 2012 to present	Mr. Gerch is the Chief Operating Officer of the Company. Mr. Gerch has been a Managing Director at TCP since 2009. Mr. Gerch has been an investment professional at TCP since 2004. From 2010 to present, Mr. Gerch has been a director for Gateway Casinos & Entertainment Limited. From 2009 to present, he has been the Chairman of Revere Industries, LLC.	N/A	N/A
Rajneesh Vig 2951 28th Street, Suite 1000 Santa Monica, California 90405 1971	President	2012 to present	In 2012, Mr. Vig became President of the Company. Since 2011, Mr. Vig has been a Managing Partner of TCP. From 2009 to 2010, he was a Partner of TCP. From 2006 to 2008, he was a Managing Director of TCP. Since 2007, Mr. Vig has been a Director of Dialogic Inc., and its predecessor entity, Dialogic Corporation.	N/A	N/A

*

For purposes of this chart, "RICs" refers to registered investment companies and "Portfolios" refers to the investment programs of the Funds. Some of the RICs have the same investment program because they invest through a master-feeder structure, which results in the smaller number of Portfolios than RICs.

**

Directorships disclosed under this column do not include directorships disclosed under the column "Principal Occupation(s) During Past Five Years."

Mr. Levkowitz is an "interested person" (as defined in the 1940 Act) of the Company by virtue of his current position with the Advisor.

Biographical information

The board of directors has adopted procedures for evaluating potential director candidates against the knowledge, experience, skills, expertise and diversity that it believes are necessary and desirable for such candidates. The board believes that each director satisfied, at the time he or she was initially elected or appointed a director, and continues to satisfy, the standards contemplated by such procedures. Furthermore, in determining that a particular director was and continues to be qualified to serve as a director, the board has considered a variety of criteria, none of which, in isolation, was controlling. The board believes that, collectively, the directors have balanced and diverse experience, skills, attributes and qualifications, which allow the board to operate effectively in governing the Company and protecting the interests of stockholders. Among the attributes common to all directors are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with TCP and other service providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties as directors. Each director's ability to perform his or her duties effectively is evidenced by his or her educational background or professional training; business, consulting, public service or academic positions; experience from service as a board member of the Company, other investment companies, public companies, or non-profit entities or other organizations; ongoing commitment and participation in board and committee meetings, as well as his or her leadership of standing committees; or other relevant life experiences.

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Information about the specific experience, skills, attributes and qualifications of each director, which in each case led to the board's conclusion that the director should serve as a director of the Company, is provided in below, in "Biographical Information." Our directors have been divided into two groups interested directors and independent directors.

Interested directors are interested persons as defined in the 1940 Act. Howard M. Levkowitz is an interested director by virtue of his employment with TCP. In part because the Company is an externally-managed investment company, the board believes having an interested chairperson that is familiar with the Company's portfolio companies, its day-to-day management and the operations of TCP, greatly enhances, among other things, its understanding of the Company's investment portfolio, business, finances and risk management efforts. In addition, the board believes that Mr. Levkowitz's employment with TCP allows for the efficient mobilization of TCP's resources at the board's behest and on its behalf. The board of directors does not have a lead independent director. The board of directors believes its relatively small size and the composition and leadership of its committees allow each director to enjoy full, accurate and efficient communication with the Company, the Advisor and management, and facilitates the timely transmission of information among such parties.

Director Independence

On an annual basis, each member of our board of directors is required to complete an independence questionnaire designed to provide information to assist the board of directors in determining whether the director is independent. Our board of directors has determined that each of our directors, other than Mr. Levkowitz, is independent under the 1940 Act.

Interested director

Howard M. Levkowitz: Mr. Levkowitz is Chief Executive Officer of the Company. Mr. Levkowitz serves as President of several TCP advised funds, including its Opportunity Funds, and is Chairman of TCP's Management Committee. The board benefits from Mr. Levkowitz's experience at TCP and his intimate knowledge of the decision process used by TCP's Investment Committee. In addition to overseeing the Company, Mr. Levkowitz has served as a director of both public and private companies and has served on a number of formal and informal creditor committees. The board also benefits from Mr. Levkowitz's past experience as an attorney specializing in real estate and insolvencies with Dewey Ballantine. Mr. Levkowitz received a B.A. in History (Magna Cum Laude) from the University of Pennsylvania, a B.S. in Economics (Magna Cum Laude, concentration in finance) from The Wharton School, and a J.D. from the University of Southern California. Mr. Levkowitz's current service as Chief Executive Officer and longstanding service as director and president of the Company, President of other TCP advised funds, and Chairman of TCP's Management Committee provide him with a specific understanding of the Company, its operation, and the business and regulatory issues facing the Company.

Independent directors

Eric Draut: Mr. Draut is a Director, Chairman of the Company's Audit Committee, member of the Governance Committee and member of the Joint Transactions Committee. The Board benefits from Mr. Draut's nearly thirty year career in accounting. Mr. Draut recently completed a twenty year career at Unitrin, Inc. (renamed Kemper Corporation in 2011) in 2010, serving the last nine years as Executive Vice President, Chief Financial Officer and a member of its board of directors. Mr. Draut also held positions at Unitrin, Inc. as Group Executive, Treasurer and Corporate Controller. Unitrin, Inc. currently owns 9.9% of the Company's common shares outstanding. Prior to joining Unitrin, Inc., Mr. Draut was Assistant Corporate Controller at Duchossois Industries, Inc. and at AM International, Inc. Mr. Draut began his career at Coopers and Lybrand. Mr. Draut is a Certified Public Accountant, received an M.B.A. in finance and operations from J.L. Kellogg Graduate School of

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Management at Northwestern University and a B.S. in accountancy from the University of Illinois at Urbana-Champaign, graduating with High Honors. Mr. Draut currently serves as a Director and Chairman of the audit committee of Intermec, and volunteers with Lutheran Social Services of Illinois where he currently serves as Chairman of the Board of Directors and recently served as Treasurer of its Board of Directors. Mr. Draut's knowledge of financial and accounting matters, and his independence from the Company and the Advisor, qualifies him to serve as a member of the Company's Audit Committee.

Franklin R. Johnson: Mr. Johnson is a Director and Chairman of the Company's Governance Committee, member of the Audit Committee and a member of the Joint Transactions Committee. Mr. Johnson has a wealth of leadership, business and financial experience. He currently serves on the board of directors and nominating and governance committee of Reliance Steel & Aluminum Co., where he also serves as chair of the audit committee. Until July of 2006, he served as a director and chair of the audit committee of Special Value Opportunities Fund, LLC, a registered investment company managed by TCP. Before becoming a business consultant in 2000, he was Chief Financial Officer of Rysher Entertainment, a producer and distributor of theatrical films and television programming and syndicator of television programming, where he worked for three years. Prior to that, he was at Price Waterhouse, an international public accounting and consulting firm where he was the Managing Partner of their Century City office and Managing Partner of their Entertainment and Media Practice. Mr. Johnson's knowledge of financial and accounting matters qualifies him to serve as the Chairman of the Company's Audit Committee.

Peter E. Schwab: Mr. Schwab is a Director, and Audit Committee Member and Joint Transactions Committee Member. Mr. Schwab currently serves on the board of advisors for the Entrepreneurial Studies Center at the University of California, Los Angeles School of Business, is a board member for the Cardiovascular Research Foundation of Southern California, a board member of Gibraltar Business Capital, a board member of West Coast Sports Associates and a board member of Brentwood Country Club. Mr. Schwab received a B.S. in education from California State University, Northridge and his master's degree in education administration from California State University, Northridge. He has 39 years of experience in the asset-based lending industry, most recently as chairman and chief executive officer of Wells Fargo Capital Finance, a unit of Wells Fargo & Company. Prior to joining Wells Fargo Capital Finance (and its predecessor firm Foothill Capital Corporation), he was vice president of business development with Aetna Business Credit (now known as Barclaysamerican Business Credit). He started his career as business development officer at the National Acceptance Company of California. Executive officers who are not directors

Officers

Paul L. Davis: Mr. Davis is the Chief Financial Officer of the Company. Mr. Davis also serves as Chief Financial Officer of TCP. Prior to being appointed CFO, he served for four years as Chief Compliance Officer of the Company and as Chief Compliance Officer and Vice President, Finance of TCP. He was formerly employed as Controller of a publicly traded securities brokerage firm, following employment at Arthur Andersen, LLP as an auditor. He received a B.A. (Magna Cum Laude) in Business-Economics from the University of California at Los Angeles, and is a Certified Public Accountant in the State of California.

Elizabeth Greenwood: Ms. Greenwood is the Secretary and Chief Compliance Officer of the Company. Ms. Greenwood also serves as General Counsel and Chief Compliance Officer of TCP. She has a diverse legal background, including extensive in-house investment advisor and private equity experience. She formerly served as General Counsel and Chief Compliance Officer at Strome Investment Management, L.P. ("Strome"). Prior to Strome, Ms. Greenwood worked at portfolio companies funded by Pacific Capital Group and Ridgestone Corporation, including acting as Assistant

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General Counsel of Global Crossing Ltd., and began her legal career as an associate at Stroock & Stroock & Lavan LLP. Ms. Greenwood is a founding member of the West Coast Chapter of 100 Women in Hedge Funds and currently serves on the Board of the Association of Women in Alternative Investing. Ms. Greenwood received a J.D. from Stanford Law School and a Bachelor of Business Administration with highest honors from The University of Texas at Austin.

Todd R. Gerch: Mr. Gerch is the Chief Operating Officer of the Company. Mr. Gerch has been a Managing Director at TCP since 2009 and an investment professional at TCP since 2004. Mr. Gerch has been a director for Gateway Casinos & Entertainment Limited since 2010. Mr. Gerch has also been the Chairman of Revere Industries, LLC since 2009. Prior to joining TCP, Mr. Gerch worked in the Capital Markets Group of Ares Management where he focused on investments in the gaming/lodging/leisure, aerospace and defense, and automotive industries. He also worked as a generalist in investment banking at Credit Suisse First Boston where he was involved in mergers and acquisitions advisory, restructurings, and equity and debt financings across various industries. Mr. Gerch has an M.B.A. from the Wharton School of the University of Pennsylvania and a B.B.A. (high honors) from the University of Notre Dame in Finance and Business Economics.

Rajneesh Vig: Mr. Vig is President of the Company. Since 2011, Mr. Vig has been a Managing Partner of TCP. From 2009 to 2010, he was a Partner of TCP. From 2006 to 2008, he was a Managing Director of TCP. Prior to joining TCP, Mr. Vig worked for Deutsche Bank in New York as a member of the bank's Principal Finance Group. Prior to that, Mr. Vig was a Director in the Technology Investment Banking group in San Francisco where he advised a broad range of growth and large cap technology companies on merger, acquisition and public/private financing transactions. Prior to his time at Deutsche Bank, Mr. Vig was a Manager in Price Waterhouse's Shareholder Value Consulting group, and he began his career in Arthur Andersen's Financial Markets/Capital Markets group. He currently serves on the board of Dialogic and is a board observer for GSI Group. Mr. Vig is also on the Los Angeles Advisory Board of the Posse Foundation, a non-profit organization that identifies, recruits and trains student leaders from public high schools for enrollment at top-tier universities. He received a B.A. with highest honors in Economics and Political Science from Connecticut College and an M.B.A. in Finance from New York University.

Committees of the Board of Directors

Our board of directors currently has three committees: an Audit Committee, a Governance Committee and a Joint Transaction Committee.

Audit Committee. The Audit Committee operates pursuant to a charter approved by our board of directors and met two times during the fiscal year ended December 31, 2011. The Audit Committee currently holds regular meetings on a quarterly basis and special meetings as needed. The charter sets forth the responsibilities of the Audit Committee. The primary function of the Audit Committee is to serve as an independent and objective party to assist the board of directors in fulfilling its responsibilities for overseeing all material aspects of our accounting and financial reporting processes, monitoring the independence and performance of our independent registered public accounting firm, providing a means for open communication among our independent accountants, financial and senior management and the Board, and overseeing our compliance with legal and regulatory requirements. The Audit Committee is presently composed of Messrs. Draut (Chairperson), Johnson and Schwab, each of whom is considered independent for purposes of the 1940 Act and The Nasdaq Global Select Market listing standards. Our board of directors has determined that each member of our Audit Committee is an "audit committee financial expert" as defined under Item 407(d)(5) of Regulation S-K of the Securities Exchange Act of 1934. In addition, each member of our Audit Committee meets the current independence and experience requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and, in addition, is not an "interested person" of the Company or of TCP as defined in Section 2(a)(19) of the 1940 Act.

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Joint Transaction Committee. The Joint Transaction Committee is comprised of Messrs. Draut, Johnson and Schwab, met 8 times during the fiscal year ended December 31, 2011 and operates to approve the allocation of certain private placement transactions in which we participate with the Other Advisor Accounts in accordance with our exemptive order obtained from the SEC. See " Exemptive Order" below.

Governance Committee. The Governance Committee operates pursuant to a charter approved by our board of directors. The charter sets forth the responsibilities of the Governance Committee, including making nominations for the appointment or election of independent directors, personnel training policies and administering the provisions of the code of ethics applicable to the independent directors. The Governance Committee consists of Messrs. Draut, Johnson (Chairperson) and Schwab, each of whom is considered independent for purposes of the 1940 Act and The Nasdaq Global Select Market listing standards.

The Governance Committee seeks to identify individuals to serve on the board who have a diverse range of viewpoints, qualifications, experiences, backgrounds and skill sets so that the board will be better suited to fulfill its responsibility of overseeing the Company's activities. In so doing, the Governance Committee reviews the size of the board and the knowledge, experience, skills, expertise and diversity of the directors in light of the issues facing the Company in determining whether one or more new directors should be added to the board.

Compensation Committee. We do not and will not have a compensation committee because our executive officers will not receive any direct compensation from us. However, the compensation payable to our Advisor pursuant to the investment management agreements is separately approved by a majority of our independent directors in accordance with Nasdaq Rule 5605(d).

Day-to-day risk management with respect to the Company is the responsibility of TCP or other service providers (depending on the nature of the risk) subject to the supervision of TCP. The Company is subject to a number of risks, including investment, compliance, operational and valuation risks, among others. While there are a number of risk management functions performed by TCP and the other service providers, as applicable, it is not possible to eliminate all of the risks applicable to the Company. Risk oversight is part of the board's general oversight of the Company and is addressed as part of various board and committee activities. The board, directly or through a committee, also reviews reports from, among others, management, the independent registered public accounting firm for the Company and internal accounting personnel for TCP, as appropriate, regarding risks faced by the Company and management's or the service provider's risk functions. The committee system facilitates the timely and efficient consideration of matters by the directors, and facilitates effective oversight of compliance with legal and regulatory requirements and of the Company's activities and associated risks. Our Chief Compliance Officer oversees the implementation and testing of the Company's compliance program and reports to the board regarding compliance matters for the Company and its service providers. The independent directors have engaged independent legal counsel to assist them in performing their oversight responsibilities.

Compensation of Directors

The Company is authorized to pay each independent director the following amounts for serving as a director: (i) $50,000 a year; (ii) $5,000 for each meeting of the board of directors or a committee thereof physically attended by such director; (iii) $5,000 for each regular meeting of the board of directors or a committee thereof attended via telephone by such director; and (iv) $1,000 for each special meeting of the board of directors or a committee thereof attended via telephone by such director. The Chairman of the Audit Committee receives an additional $5,000 per year. Each director is also entitled to reimbursement for all out-of-pocket expenses of such person in attending each meeting of the board of directors and any committee thereof.

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Equity securities owned by directors

The following table sets out the dollar range of our equity securities beneficially owned by each of our directors as of September 30, 2012. We are not part of a "family of investment companies," as that term is defined in the 1940 Act.

Name of Director	Dollar Range of Equity Securities in Company[1]
Interested Director:	
Howard M. Levkowitz	Over $100,000
Independent Directors:	
Eric Draut[2]	Over $100,000
Franklin R. Johnson	Over $100,000
Peter E. Schwab	None

(1) Dollar ranges are as follows: none, $1 $10,000, $10,001 $50,000, $50,001 $100,000, or over $100,000.

(2) Mr. Draut has a capital commitment of $750,000 in Tennenbaum Opportunities Fund VI, LLC, a fund advised by the Advisor. Such interest is less than one percent of the class of securities.

Staffing and Compensation

We do not currently have any employees and do not expect to have any employees. Accordingly, none of our officers receive direct compensation from us. Services necessary for our business are provided by TCP and the Administrator, pursuant to the terms of the investment management agreements and the administration agreement. Each of our executive officers described under "Management" is an employee of TCP and the Administrator. Our day-to-day investment operations are managed by TCP. The services necessary for the origination and administration of our investment portfolio are provided by investment professionals employed by TCP. TCP's investment professionals focus on origination and transaction development and the ongoing monitoring of our investments. See "Management of the Company Investment Management Agreements" in our SAI. In addition, we reimburse the Administrator for our allocable portion of expenses incurred by it in performing its obligations under the administration agreement, including our allocable portion of the Administrator's cost for the administrative activities of persons who serve as our officers and their respective staffs. To the extent that the Administrator outsources any of its functions, we pay the fees associated with such functions on a direct basis without profit to the Administrator. See "Management of the Company Administration Agreement" in our SAI.

Conflicts of Interest

We have entered into investment management agreements with TCP and an administration agreement with the Administrator. Our executive officers hold equity interests in TCP. In addition, TCP and its affiliates, employees and associates currently do and in the future may manage Other Advisor Accounts. Other Advisor Accounts invest in assets that are also eligible for purchase by us. Our investment policies, compensation arrangements and other circumstances may vary from those of Other Advisor Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and Other Advisor Accounts. In general, except as described below, TCP and its affiliates will allocate investment opportunities pro rata among us and Other Advisor Accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available and under management by TCP and its affiliates. Allocation of certain investment opportunities in orginated private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to us and described below. In

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certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more Other Advisor Accounts desire to sell it. TCP and its affiliates intend to allocate investment opportunities to us and Other Advisor Accounts in a manner that they believe in their judgment and based upon their fiduciary duties to be appropriate given the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of us and the Other Advisor Accounts. All of the foregoing procedures could in certain circumstances affect adversely the price paid or received by us or the availability or size of a particular investment purchased or sold by us.

There may be situations in which Other Advisor Accounts and the Company might invest in different securities issued by the same portfolio company. It is possible that if the portfolio company's financial performance and condition deteriorates such that one or both investments are or could be impaired, TCP might face a conflict of interest given the difference in seniority of the respective investments. In such situations, TCP would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duty to enable it to act fairly to the Other Advisor Accounts and the Company in the circumstances. Any steps by TCP will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

Pursuant to the administration agreement, the Administrator furnishes us with the facilities and administrative services necessary to conduct our day-to-day operations, including equipment, clerical, bookkeeping and recordkeeping services at such facilities. In addition, the Administrator assists us in connection with the determination and publishing of our respective net asset values, the preparation and filing of tax returns and the printing and dissemination of reports to our stockholders. We reimburse the Administrator for its allocable portion of overhead and other expenses incurred by it in performing its obligations under the administration agreement. See "Management of the Company Administration Agreement" in our SAI. This contract may be terminated by us or the Administrator without penalty upon 60 days' written notice to the other.

We have entered into a license agreement with TCP under which TCP has granted to us a non-exclusive, personal, revocable worldwide non-transferable license to use the TCP trade name and service mark, for specified purposes in connection with our respective businesses. This license agreement is royalty-free, which means we will not be charged a fee for our use of the trade name and service mark Tennenbaum. The license agreement is terminable either in its entirety or with respect to us by TCP at any time in its sole discretion upon 60 days prior written notice. Other than with respect to the limited rights contained in the license agreement, we have no right to use, or other rights in respect of, the TCP name and mark.

Exemptive Order

TCP and we believe that, in certain circumstances, it may be in our best interests to be able to co-invest with registered and unregistered funds managed now or in the future by TCP and its affiliates in order to be able to participate in a wider range of transactions. Currently, SEC regulations and interpretations would permit us to co-invest with registered and unregistered funds that are affiliated with TCP in publicly traded securities and also in private placements where (i) TCP negotiates only the price, interest rate and similar price-related terms of the securities and not matters such as covenants, collateral or management rights and (ii) each relevant account acquires and sells the securities at the same time in pro rata amounts (subject to exceptions approved by compliance personnel after considering the reasons for the requested exception). Such regulations and interpretations also permit us to co-invest in other private placements with registered investment funds affiliated with TCP in certain circumstances, some of which would require certain findings by our independent directors and the independent directors of each other eligible registered fund. However, current SEC regulations and

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interpretations would not permit co-investment by us with unregistered funds affiliated with TCP in private placements where TCP negotiates non-pricing terms such as covenants, collateral and management rights. Accordingly, under current SEC regulations, in the absence of an exemption we may be prohibited from co-investing in certain private placements with any unregistered fund or account managed now or in the future by TCP or its affiliates.

TCP and the funds managed by TCP have received an exemption from such regulations. Under the SEC order granting such exemption, each time TCP proposes that an unregistered fund or registered fund acquire private placement securities that are suitable for us, TCP will prepare a recommendation as to the proportion to be allocated to us taking into account a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations. Our independent directors will review the proposed transaction and may authorize co-investment by us of up to our pro rata amount of such securities based on our total available capital if a majority of them conclude that: (i) the transaction is consistent with our investment objective and policies; (ii) the terms of co-investment are fair to us and our stockholders and do not involve overreaching; and (iii) participation by us would not disadvantage us or be on a basis different from or less advantageous than that of the participating unregistered accounts and other registered funds. The directors may also approve a lower amount or determine that we should not invest. The directors may also approve a higher amount to the extent that other accounts managed by TCP decline to participate. In addition, follow-on investments and disposition opportunities must be made available in the same manner on a pro rata basis and no co-investment (other than permitted follow-on investments) is permitted where we, on the one hand, or any other account advised by TCP or an affiliate, on the other hand, already hold securities of the issuer.

TCP and its affiliates may spend substantial time on other business activities, including investment management and advisory activities for entities with the same or overlapping investment objectives, investing for their own account with us or any investor us, financial advisory services (including services for entities in which we invest), and acting as directors, officers, creditor committee members or in similar capacities. Subject to the requirements of the 1940 Act, TCP and its affiliates and associates intend to engage in such activities and may receive compensation from third parties for their services. Subject to the same requirements, such compensation may be payable by entities in which we invest in connection with actual or contemplated investments, and TCP may receive fees and other compensation in connection with structuring investments which they will share.

TCP and its partners, officers, directors, stockholders, members, managers, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, us. Affiliates and employees of TCP are equity investors in us.

Control Persons and Principal Stockholders

The following table sets out certain ownership information with respect to our common stock for those persons who directly or indirectly own, control or hold with the power to vote 5% or more of our

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outstanding common stock and all officers and directors as a group. As of the date of this SAI, all directors and officers as a group owned less than 1% of the outstanding common stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	Kemper Corporation[1] One East Wacker Drive, Tenth Floor Chicago, IL 60601	2,117,786	9.9%
Common Stock	Massachusetts Mutual Life Insurance Company[2] 1500 Main Street, 22nd Floor Springfield, MA 01115	1,603,372	7.5%
Common Stock	Merkin, Dick, Dr.[3] 3115 Ocean Front Walk, Suite 301 Marina del Rey, CA 90292	1,243,670	5.8%

(1) Trinity Universal Insurance Company owns 741,225 shares, United Insurance Company of America owns 741,225 shares and Kemper Pension Trust owns 635,336 shares; each of which are either a subsidiary or an affiliate of Kemper Corporation and each are located at One East Wacker Drive, Tenth Floor, Chicago, IL 60601.

(2) Massachusetts Mutual Life Insurance Company, parent of Babson Capital Management, LLC, owns 1,603,372 shares and is located at 1500 Main Street, 22nd Floor, Springfield, MA 01115.

(3) Central Valley Administrators, Inc. owns 189,984 shares, Heritage New York Medical Group owns 127,067 shares, Heritage Provider Network, Inc. owns 674,618 shares, Oasis Independent Medical Associates, Inc. owns 214,189 shares and Wells Fargo Bank, N.A. FBO Merkin, Richard DIR IRA owns 37,812; each of which are affiliates of Merkin, Richard, Dr. and each are located at 3115 Ocean Front Walk, Suite 301, Marina del Rey, CA 90292. Wells Fargo Securities, LLC and its affiliates disclaim beneficial ownership of the shares held by Mr. Merkin through his IRA.

DISTRIBUTIONS

We intend to make distributions on a quarterly basis to our stockholders commencing at the end of the quarter in which this offering is completed. The timing and amount of our quarterly distributions, if any, are determined by our board of directors. Any distributions to our stockholders are declared out of assets legally available for distribution. We intend to pay quarterly distributions to our stockholders in an amount, and on a timely basis, sufficient to obtain and maintain our status as a RIC. There can be no assurances that the Holding Company will have sufficient funds to pay distributions to our stockholders in the future to maintain our status as a RIC.

We are a RIC under Subchapter M of the Code. To continue to obtain RIC tax benefits, we generally must distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year, (2) 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year and (3) certain undistributed amounts from previous years on which we paid no U.S. federal income tax. In addition, although we currently intend to distribute net capital gain (i.e., net long-term capital gain in excess of short-term capital loss), if any, at least

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annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gain for investment. In such event, the consequences of our retention of net capital gain are as described under "Material U.S. Federal Income Tax Matters." We can offer no assurance that the Operating Company will achieve results that will permit the payment of any cash distributions to our stockholders. In addition, the Leverage Program prohibits us from making distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or the Leverage Program. See "Regulation," "Material Federal Income Tax Considerations" and "Senior Securities" in the prospectus.

We maintain an "opt in" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, stockholders that have not "opted in" to our dividend reinvestment plan will receive cash dividends, rather than having their dividends automatically reinvested in additional shares of our common stock. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions, but will not have received cash from us with which to pay such taxes. Further, reinvested dividends will increase the gross assets of the Holding Company and the Operating Company on which a management fee and potentially an incentive management fee are payable to TCP and the General Partner. See "Dividend Reinvestment Plan" in our SAI.

DETERMINATION OF NET ASSET VALUE

The net asset value per share of our outstanding shares of common stock is determined quarterly by dividing the fair value of our total assets minus liabilities by the total number of shares of our common stock outstanding at the date as of which the determination is made. The net asset value per share of the Company's common stock is determined on a quarterly basis. The valuation procedures of the Company are described below.

In calculating the value of our total assets, we value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our board of directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (i) are independent of us, (ii) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (iii) are able to transact for the asset, and (iv) are willing to transact for the asset or liability (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. We generally obtain market quotations from recognized exchanges, market quotation systems, independent pricing services or one or more broker-dealers or market makers. However, short term debt investments with remaining maturities within 60 days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued at fair value as determined in good faith by our board of directors. Because we expect that there will not be a readily available market value for many of the investments in our portfolio, we expect to value many of our portfolio investments at fair value as determined in good faith by our board of directors using a consistently applied valuation process in accordance with a documented valuation policy that has been reviewed and approved by our board of directors. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market

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quotations used to value some of our investments than on the fair values of our investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where we believe that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a "forced" sale by a distressed seller, where markets quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

The valuation process adopted by our board of directors with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

The investment professionals of the Advisor provide recent portfolio company financial statements and other reporting materials to independent valuation firms engaged by our board of directors.

Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor.

The board of directors reviews the valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Advisor, the respective independent valuation firms and the audit committee.

However, smaller investments aggregating less than 5% of our total capitalization may be valued at fair value as determined in good faith by the board of directors based on valuations provided by the Advisor without the employment of an independent valuation firm.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, our principal market (as the reporting entity) and enterprise values.

When valuing all of our investments, we strive to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. See "Risks A substantial portion of our portfolio investments may be recorded

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at fair value as determined in good faith by or under the direction of our board of directors and, as a result, there may be uncertainty regarding the value of our portfolio investments" in our prospectus.

Our investments may be categorized based on the types of inputs used in their valuation. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Investments are classified by GAAP into the three broad levels as follows:

Level 1 Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements incorporated by reference into this SAI express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

Except to the extent interpretations of the requirements of GAAP change, if for periods after January 1, 2013 we experience cumulative net realized capital gains and unrealized capital appreciation in respect of which incentive compensation has not been paid and cumulative total return in excess of 8%, we would accrue an amount, which would be reflected in our net asset value per share, for the incremental incentive compensation that would be payable to our Advisor or the General Partner if all of such net unrealized capital appreciation were realized.

Determinations in connection with offerings

In connection with certain offerings of shares of our common stock, our board of directors or one of its committees may be required to make the determination that we are not selling shares of our common stock at a price below the then current net asset value of our common stock at the time at which the sale is made. Our board of directors or the applicable committee will consider the following factors, among others, in making any such determination:

- the net asset value of our common stock most recently disclosed by us in the most recent periodic report that we filed with the SEC;

- our investment advisor's assessment of whether any material change in the net asset value of our common stock has occurred (including through the realization of gains on the sale of our portfolio securities) during the period beginning on the date of the most recently disclosed net asset value of our common stock and ending no earlier than two days prior to the date of the sale of our common stock; and

- the magnitude of the difference between the net asset value of our common stock most recently disclosed by us and our investment advisor's assessment of any material change in the net asset value of our common stock since that determination, and the offering price of the shares of our common stock in the proposed offering.

This determination will not require that we calculate the net asset value of our common stock in connection with each offering of shares of our common stock, but instead it will involve the determination by our board of directors or a committee thereof that we are not selling shares of our common stock at a price below the then current net asset value of our common stock at the time at which the sale is made or otherwise in violation of the 1940 Act.

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These processes and procedures are part of our compliance policies and procedures. Records will be made contemporaneously with all determinations described in this section and these records will be maintained with other records that we are required to maintain under the 1940 Act.

DIVIDEND REINVESTMENT PLAN

We have adopted an "opt in" dividend reinvestment plan. As a result, if we declare a dividend or other distribution payable in cash, each stockholder that has not "opted in" to our dividend reinvestment plan will receive such dividends in cash, rather than having their dividends automatically reinvested in additional shares of our common stock.

To enroll in the dividend reinvestment plan, each stockholder must notify Wells Fargo Bank, National Association, or Wells Fargo, a Delaware corporation, the plan administrator, in writing so that notice is received by the plan administrator prior to the record date. The plan administrator will then automatically reinvest any dividends in additional shares of our common stock. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has elected to participate in the plan and may hold such shares in non-certificated form under the plan administrator's name or that of its nominee. The number of shares to be issued to a stockholder participating in the plan will be calculated by reference to all shares of common stock owned by such stockholder, whether held in such stockholder's plan account or elsewhere. The plan administrator will confirm to each participant each acquisition made for such participant pursuant to the plan as soon as practicable but not later than 10 business days after the date thereof; provided all shares have been purchased. Upon request by a stockholder participating in the plan received in writing not less than three days prior to the record date, the plan administrator will, instead of crediting shares to and/or carrying shares in the participant's account, issue, without charge to the participant, a certificate registered in the participant's name for the number of whole shares of our common stock payable to the participant and a check for any fractional share. Although each participant may from time to time have an undivided fractional interest (computed to three decimal places) in a share of our common stock, no certificates for a fractional share will be issued. However, dividends and distributions on fractional shares will be credited to each participant's account.

We will use primarily newly issued shares to implement the plan, whether our shares are trading at a premium or at a discount to net asset value. However, we reserve the right to purchase shares in the open market in connection with our implementation of the plan at a price per share equal to the average price for all shares purchased on the open market pursuant to the plan, including brokerage commissions. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of our common stock at the close of regular trading on The Nasdaq Global Select Market on the valuation date fixed by our board of directors for such dividend. Market price per share on that date will be the closing price for such shares on The Nasdaq Global Select Market or, if no sale is reported for such day, the closing price for such shares on The Nasdaq Global Select Market on the last preceding date on which trading took place. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated. Stockholders who do not elect to receive dividends in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium at the time we issue new shares under the plan and dilution if our shares are trading at a discount. The level of accretion or dilution would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the dividend payable to a stockholder.

There will be no brokerage charges to stockholders with respect to shares of common stock issued directly by us. However, each participant will pay the brokerage commissions incurred in connection

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with open-market purchases. The plan administrator's fees under the plan will be paid by us. If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commissions from the proceeds. There is a $5.00 transaction fee for the net sale proceeds to be direct deposited to a U.S. bank checking or savings account. If you have shares held through a broker, you should contact your broker to participate in the plan.

Stockholders who receive dividends in the form of stock are subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their dividends in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the stockholder. Any stock received in a dividend will have a new holding period for U.S. federal income tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the plan by notifying the plan administrator via its website at www.shareowneronline.com, by filling out the transaction request form located at bottom of their statement and sending it to the plan administrator at Wells Fargo Bank, National Association, P.O. Box 64856, St. Paul, MN 55164-0856 or by calling the plan administrator at (800) 468-9716. Such termination will be effective immediately if the participant's notice is received by the plan administrator at least three days prior to any record date; otherwise, such termination will be effective only with respect to any subsequent dividend.

The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the plan administrator by mail at Wells Fargo Bank, National Association, P.O. Box 64856, St. Paul, MN 55164-0856 or by telephone at (800) 468-9716.

The plan administrator will at all times act in good faith and use its best efforts within reasonable limits to ensure its full and timely performance of all services to be performed by it under the plan and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by the plan administrator's negligence, bad faith, or willful misconduct or that of its employees or agents.

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REGULATION

We have filed an election to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisors or co-advisors), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by "a majority of our outstanding voting securities", which is defined in the 1940 Act as the lesser of a majority of the outstanding voting securities or 67% or more of the securities voting if a quorum of a majority of the outstanding voting securities is present.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act of 1933, or the Securities Act. We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might indirectly subject our stockholders to additional expenses as they will indirectly be responsible for the costs and expenses of such companies. None of our investment policies are fundamental and any may be changed without stockholder approval. Pursuant to the 1940 Act, our investment in the Operating Company is not subject to these limits because, among other reasons, (i) the Operating Company is our sole investment and (ii) we "pass-through" our votes on Operating Company matters to our stockholders and vote all of our interests in the Operating Company in the same proportion and manner as our stockholders vote their common stock on such matters.

Qualifying assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our proposed business are the following:

Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:

is organized under the laws of, and has its principal place of business in, the United States;

is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and

satisfies either of the following:

has a market capitalization of less than $250 million or does not have any class of securities listed on a national securities exchange; or

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is controlled by a BDC or a group of companies including a BDC, the BDC actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result thereof, the BDC has an affiliated person who is a director of the eligible portfolio company.

Securities of any eligible portfolio company which we control.

Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.

Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

Managerial assistance to portfolio companies

A BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in "Regulation Qualifying assets" above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. Where the BDC purchases such securities in conjunction with one or more other persons acting together, the BDC will satisfy this test if one of the other persons in the group makes available such managerial assistance, although reliance on other investors may not be the sole method by which the BDC satisfies the requirement to make available managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its investment manager, directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Temporary investments

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in highly rated commercial paper, U.S. Government agency notes, U.S. Treasury bills or in repurchase agreements relating to such securities that are fully collateralized by cash or securities issued by the U.S. Government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. Consequently, repurchase agreements are functionally similar to loans. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, the 1940 Act and certain diversification tests in order to qualify as a RIC for federal income tax purposes will typically require us to limit the amount we invest with any one

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counterparty. Our investment advisor will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any preferred stock or publicly traded debt securities are outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risks Risks related to our operations as a BDC" in our prospectus.

Code of ethics

We and TCP have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. You may read and copy the code of ethics at the SEC's Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. In addition, the code of ethics is attached as an exhibit to the registration statement of which this SAI is a part, and is available on the IDEA Database on the SEC's Internet site at http://www.sec.gov. You may also obtain copies of the code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

Proxy voting policies and procedures

We have delegated our proxy voting responsibility to the Advisor. The Proxy Voting Policies and Procedures of the Advisor are set forth below. The guidelines are reviewed periodically by the Advisor and our independent directors, and, accordingly, are subject to change.

Introduction

As an investment advisor registered under the Advisers Act, the Advisor has a fiduciary duty to act solely in our best interests and in the best interests of our stockholders. As part of this duty, the Advisor recognizes that it must vote client securities in a timely manner free of conflicts of interest and in our best interests and the best interests of our stockholders. The Advisor's Proxy Voting Policies and Procedures have been formulated to ensure decision-making consistent with these fiduciary duties.

These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Proxy policies

The Advisor evaluates routine proxy matters, such as proxy proposals, amendments or resolutions on a case-by-case basis. Routine matters are typically proposed by management and the Advisor will normally support such matters so long as they do not measurably change the structure, management control, or operation of the corporation and are consistent with industry standards as well as the corporate laws of the state of incorporation.

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The Advisor also evaluates non-routine matters on a case-by-case basis. Non-routine proposals concerning social issues are typically proposed by stockholders who believe that the corporation's internally adopted policies are ill-advised or misguided. If the Advisor has determined that management is generally socially responsible, the Advisor will generally vote against these types of non-routine proposals. Non-routine proposals concerning financial or corporate issues are usually offered by management and seek to change a corporation's legal, business or financial structure. The Advisor will generally vote in favor of such proposals provided the position of current stockholders is preserved or enhanced. Non-routine proposals concerning stockholder rights are made regularly by both management and stockholders. They can be generalized as involving issues that transfer or realign board or stockholder voting power. The Advisor typically would oppose any proposal aimed solely at thwarting potential takeovers by requiring, for example, super-majority approval. At the same time, the Advisor believes stability and continuity promote profitability. The Advisor's guidelines in this area seek a middle road and individual proposals will be carefully assessed in the context of their particular circumstances.

Proxy voting records

You may obtain information about how we voted proxies by making a written request for proxy voting information to:

Chief Compliance Officer
Tennenbaum Capital Partners, LLC
2951 28th Street, Suite 1000
Santa Monica, California 90405

Other

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, issue and sell our common stock, at a price below the current net asset value of the common stock, or issue and sell warrants, options or rights to acquire such common stock, at a price below the current net asset value of the common stock if our board of directors determines that such sale is in our best interest and in the best interests of our stockholders, and our stockholders have approved our policy and practice of making such sales within the preceding 12 months. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC.

We are subject to periodic examination by the SEC for compliance with the 1940 Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

BROKERAGE ALLOCATIONS AND OTHER PRACTICES

Subject to the supervision of the board of directors, decisions to buy and sell securities and bank debt for the Company and decisions regarding brokerage commission rates are made by TCP. Transactions on stock exchanges involve the payment by the Company of brokerage commissions. In

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certain instances the Company may make purchases of underwritten issues at prices which include underwriting fees.

In selecting a broker to execute each particular transaction, TCP will take the following into consideration: the best net price available; the reliability, integrity and financial condition of the broker; the size and difficulty in executing the order, and the value of the expected contribution of the broker to the investment performance of the Company on a continuing basis. Accordingly, the cost of the brokerage commissions to the Company in any transaction may be greater than that available from other brokers if the difference is reasonably justified by other aspects of the portfolio execution services offered. The aggregate amount of brokerage commission paid by the Company over the previous three fiscal years was $0.3 million. The extent to which TCP makes use of statistical, research and other services furnished by brokers may be considered by TCP in the allocation of brokerage business, but there is not a formula by which such business is allocated. TCP does so in accordance with its judgment of the best interests of the Company and its stockholders.

One or more of the other investment funds or accounts which TCP manages may own from time to time some of the same investments as the Company. When two or more companies or accounts seek to purchase or sell the same securities, the securities actually purchased or sold and any transaction costs will be allocated among the companies and accounts on a good faith equitable basis by TCP in its discretion in accordance with the accounts' various investment objectives, subject to the allocation procedures adopted by the board of directors related to privately placed securities (including an implementation of any co-investment exemptive relief obtained by the Company and TCP). In some cases, this system may adversely affect the price or size of the position obtainable for the Company. In other cases, however, the ability of the Company to participate in volume transactions may produce better execution for the Company. It is the opinion of the board of directors that this advantage, when combined with the other benefits available due to the TCP's organization, outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

FINANCIAL STATEMENTS

Prior to our initial public offering in April 2012, TCP Capital Corp. and Special Value Continuation Partners, LP were non-diversified, closed-end management investment companies registered under the 1940 Act, and were operating as Special Value Continuation Fund, LLC (a Delaware limited liability company) and Special Valuation Continuation Partners, LP (a Delaware Limited Partnership), respectively. In connection with our initial public offering in April 2012, Special Value Continuation Fund, LLC and Special Value Continuation Partners, LP elected to become business development companies under the 1940 Act, and Special Value Continuation Fund, LLC converted to a corporation and changed its name to TCP Capital Corp. The consolidated audited financial statements of TCP Capital Corp., successor to Special Value Continuation Fund, LLC, for the years ended December 31, 2011, 2010 and 2009, together with the reports of Ernst & Young LLP for each respective year, and the audited financial statements of Special Value Continuation Partners, LP for years ended December 31, 2011, 2010 and 2009, together with the reports of Ernst & Young LLP for each respective year, are incorporated herein by reference to each company's annual reports to shareholders. Further, the consolidated unaudited financial statements of TCP Capital Corp., successor to Special Value Continuation Fund, LLC, for the quarters ended September 30, 2012 and 2011, and the financial statements of Special Value Continuation Partners, LP for quarters ended September 30, 2012 and 2011 are incorporated herein by reference to each company's quarterly reports to shareholders. All other portions of the annual and quarterly reports to shareholders are not incorporated herein by reference and are not part of the registration statement.

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PART C OTHER INFORMATION

ITEM 25. FINANCIAL STATEMENTS AND EXHIBITS

(1) Financial Statements

The following statements of the Company are incorporated by reference into Part B of this Registration Statement:

TCP Capital Corp. ***(successor to Special Value Continuation Fund, LLC)***
Interim Financial Statements (Unaudited) (September 30, 2012)
Consolidated Statement of Assets and Liabilities
Consolidated Statement of Investments
Consolidated Statement of Operations
Consolidated Statements of Changes in Net Assets
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Consolidated Schedule of Changes in Investments in Affiliates
Consolidated Schedule of Restricted Securities of Unaffiliated Issuers
Interim Financial Statements (Unaudited) (September 30, 2011)
Consolidated Statement of Assets and Liabilities
Consolidated Statement of Investments
Consolidated Statement of Operations
Consolidated Statements of Changes in Net Assets
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Consolidated Schedule of Changes in Investments in Affiliates
Consolidated Schedule of Restricted Securities of Unaffiliated Issuers
Audited Financial Statements (December 31, 2011)
Report of Independent Registered Public Accounting Firm
Consolidated Statement of Assets and Liabilities
Consolidated Statement of Investments
Consolidated Statement of Operations
Consolidated Statements of Changes in Net Assets
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Consolidated Schedule of Changes in Investments in Affiliates
Consolidated Schedule of Restricted Securities of Unaffiliated Issuers
Audited Financial Statements (December 31, 2010)
Report of Independent Registered Public Accounting Firm
Consolidated Statement of Assets and Liabilities
Consolidated Statement of Investments
Consolidated Statement of Operations
Consolidated Statements of Changes in Net Assets
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Consolidated Schedule of Changes in Investments in Affiliates
Consolidated Schedule of Restricted Securities of Unaffiliated Issuers

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Audited Financial Statements (December 31, 2009)
Report of Independent Registered Public Accounting Firm
Consolidated Statement of Assets and Liabilities
Consolidated Statement of Investments
Consolidated Statement of Operations
Consolidated Statements of Changes in Net Assets
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Consolidated Schedule of Changes in Investments in Affiliates
Consolidated Schedule of Restricted Securities of Unaffiliated Issuers
Special Value Continuation Partners, LP
Interim Financial Statements (Unaudited) (September 30, 2012)
Statement of Assets and Liabilities
Statement of Investments
Statement of Operations
Statements of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements
Schedule of Changes in Investments in Affiliates
Schedule of Restricted Securities of Unaffiliated Issuers
Interim Financial Statements (Unaudited) (September 30, 2011)
Statement of Assets and Liabilities
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Audited Financial Statements (December 31, 2009)
Report of Independent Registered Public Accounting Firm
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Statement of Investments
Statement of Operations
Statements of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements
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Schedule of Restricted Securities of Unaffiliated Issuers

(2) Exhibits

The agreements included or incorporated by reference as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

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The Company acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading.

Exhibit No.	Description
(a)	Articles of Incorporation of the Registrant(2)
(b)	Bylaws of the Registrant(3)
(c)	Not Applicable
(d)(1)	Not Applicable
(e)	Form of Dividend Reinvestment Plan(9)
(f)	Not Applicable
(g)	Form of Investment Management Agreement By and Between Registrant and Tennenbaum Capital Partners, LLC(8)
(h)(1)	Form of Underwriting Agreement(10)
(i)	Not Applicable
(j)	Custodial Agreement dated as of July 31, 2006(4)
(k)(1)	Form of Administration Agreement of the Registrant(8)
(k)(2)	Form of Transfer Agency and Registrar Services Agreement(9)
(k)(3)	Form of License Agreement(9)
(k)(4)	Credit Agreement dated July 31, 2006(5)
(k)(5)	First Amendment to Credit Agreement dated February 28, 2011(6)
(k)(6)	Form of Amended and Restated Partnership Agreement of Special Value Continuation Partners, LP(8)
(k)(7)	Statement of Preferences of Preferred Interests of Special Value Continuation Partners, LP(8)
(k)(8)	Form of Amended and Restated Investment Management Agreement By and Between Special Value Continuation Partners, LP and Tennenbaum Capital Partners, LLC(8)
(k)(9)	Form of Administration Agreement of Special Value Continuation Partners, LP(8)
(l)(1)	Opinion and Consent of Skadden, Arps, Slate, Meagher & Flom LLP counsel for Registrant(10)
(m)	Not Applicable
(n)(1)	Consent of independent registered public accounting firm(1)
(n)(2)	Power of Attorney(1)
(o)	Not Applicable
(p)	Not Applicable
(q)	Not Applicable
(r)(1)	Consolidated Code of Ethics of the Registrant and the Advisor(9)

(1) Filed herewith.

(2) Incorporated by reference to the Exhibit (a)(2) to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011.

(3) Incorporated by reference to the Exhibit (b)(2) to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011.

(4) Incorporated by reference to Exhibit 10.2 to Form 10-12G of Special Value Continuation Partners, LP (File No. 000-54393), filed May 6, 2011.

(5) Incorporated by reference to Exhibit 10.5 to Form 10-12G of Special Value Continuation Partners, LP (File No. 000-54393), filed May 6, 2011.

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(6) Incorporated by reference to Exhibit 10.6 to Form 10-12G of Special Value Continuation Partners, LP (File No. 000-54393), filed May 6, 2011,

(7) Incorporated by reference to the corresponding exhibit number to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on March 8, 2011.

(8) Incorporated by reference to the corresponding exhibit number to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011.

(9) Incorporated by reference to the corresponding exhibit number to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on March 5, 2012.

(10) To be filed by amendment.

ITEM 26. MARKETING ARRANGEMENTS

The information contained under the heading "Underwriting" on this Registration Statement is incorporated herein by reference and any information concerning any underwriters will be contained in the accompanying prospectus supplement, if any.

ITEM 27. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

Commission registration fee	$	9,412
Nasdaq Global Select Additional Listing Fees		46,000
FINRA filing fee		10,850
Accounting fees and expenses		100,000
Legal fees and expenses		200,000
Printing and engraving		150,000
Miscellaneous fees and expenses		80,000
Total	$	596,262

** These amounts (other than the commission registration fee, Nasdaq fee and FINRA fee) are estimates.

All of the expenses set forth above shall be borne by the Company.

ITEM 28. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL

The Registrant owns 100% of the common limited partnership interests in the Operating Company.

ITEM 29. NUMBER OF HOLDERS OF SECURITIES

The following table sets forth the number of record holders of our common stock at December 5, 2012.

Title of Class	Number of Record Holders
Common Stock, par value $.001 per share	55

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ITEM 30. INDEMNIFICATION

The information contained under the heading "Description of Shares" is incorporated herein by reference.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person in the successful defense of an action suit or proceeding) is asserted by a director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is again public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Registrant carries liability insurance for the benefit of its directors and officers (other than with respect to claims resulting from the willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office) on a claims-made basis.

The Registrant has agreed to indemnify the underwriters against specified liabilities for actions taken in their capacities as such, including liabilities under the Securities Act.

ITEM 31. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISOR

For information as to the business, profession, vocation or employment of a substantial nature of each of the officers and directors of the Advisor, reference is made to the Advisor's Form ADV, filed with the Securities and Exchange Commission under the Investment Advisers Act of 1940, and incorporated herein by reference upon filing.

ITEM 32. LOCATION OF ACCOUNTS AND RECORDS

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, and the rules thereunder are maintained at the offices of:

(1) the Registrant, 2951 28th Street, Suite 1000, Santa Monica, CA 90405;

(2) the Transfer Agent, Wells Fargo Bank, National Association, 161 North Concord Exchange, South Saint Paul, MN 55075;

(3) the Custodian, Wells Fargo Bank, National Association, 9062 Old Annapolis Rd., Columbia, MD 21045-1951; and

(4) the Advisor, 2951 28th Street, Suite 1000, Santa Monica, CA 90405. TCP's telephone number is (310) 566-1094, and its facsimile number is (310) 566-1010.

ITEM 33. MANAGEMENT SERVICES

Not Applicable.

ITEM 34. UNDERTAKINGS

1. The Registrant undertakes to suspend the offering of shares until the prospectus is amended if (1) subsequent to the effective date of its registration statement, the net asset value declines more than

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ten percent from its net asset value as of the effective date of the registration statement; or (2) the net asset value increases to an amount greater than the net proceeds as stated in the prospectus.

2. The Registrant undertakes that:

(1) For the purpose of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Monica, in the State of California, on the 7th day of December, 2012.

TCP CAPITAL CORP.

By: /s/ HOWARD M. LEVKOWITZ

Howard M. Levkowitz
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form N-2 has been signed by the following persons in the capacities indicated on the 7th day of December, 2012. This document may be executed by the signatories hereto on any number of counterparts, all of which constitute one and the same instrument.

Signature	Title
/s/ HOWARD M. LEVKOWITZ Howard M. Levkowitz	Chief Executive Officer and Director (principal executive officer)
/s/ ERIC DRAUT* Eric Draut	Director
/s/ FRANKLIN R. JOHNSON* Franklin R. Johnson	Director
/s/ PETER E. SCHWAB* Peter E. Schwab	Director
/s/ PAUL L. DAVIS Paul L. Davis	Chief Financial Officer (principal financial and accounting officer)

*By: /s/ HOWARD M. LEVKOWITZ
Howard M. Levkowitz,
as *Attorney-in-Fact*

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SIGNATURES

The undersigned has duly caused this Registration Statement on Form N-2 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Monica, in the State of California, on the 7th day of December, 2012.

SPECIAL VALUE CONTINUATION PARTNERS, LP

By: /s/ HOWARD M. LEVKOWITZ

Howard M. Levkowitz
Chief Executive Officer and Director

This Registration Statement has been signed by the following persons in the capacities indicated on the 7th day of December, 2012. This document may be executed by the signatories hereto on any number of counterparts, all of which constitute one and the same instrument.
Signature Title

Signature	**Title**
/s/ HOWARD M. LEVKOWITZ Howard M. Levkowitz	Chief Executive Officer and Director (principal executive officer)
/s/ ERIC DRAUT* Eric Draut	Director
/s/ FRANKLIN R. JOHNSON* Franklin R. Johnson	Director
/s/ PETER E. SCHWAB* Peter E. Schwab	Director
/s/ PAUL L. DAVIS Paul L. Davis	Chief Financial Officer (principal financial and accounting officer)
*By: /s/ HOWARD M. LEVKOWITZ Howard M. Levkowitz, as *Attorney-in-Fact*	